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East Asia

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FBIS-EAS-96-127

Monday

1 July 1996

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Daily Report

East Asia

FBIS-EAS-96-127

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Japan

Japan: Hashimoto Statement on 26 Jun Explosion at U.S. Facility

OW0107133396 (Internet) Japanese Ministry of Foreign Affairs WWW in English 27 June 96

[Statement on 26 June by Prime Minister Ryutaro Hashimoto on the explosion at the United States military facility in Saudi Arabia; place not given]

[FBIS Transcribed Text] 26 June 1996

1. I deplore the great loss of American and Saudi lives and extend my deepest condolences to the victims and their bereaved families and to the peoples of the United States and Saudi Arabia in the aftermath of the explosion which occurred on the night of 25 June 1996 at an American military facility in Saudi Arabia. I am filled with sympathy and heartfelt concern for the wounded in hope for their full recovery.

2. Japan takes the stance that under no circumstance can terrorism be justified, and is resolute in condemning all forms of terrorism. In the event that this explosion is the result of an act of terrorism, Japan is of the view that it is utterly intolerable. It is indeed regrettable that we have seen yet another explosion, following the one which took place last year, and that there has been such a great loss of life.

3. As the representative of Japan, I have communicated my deepest regrets to President Clinton and King Fahd for this tragic loss of life and the suffering of the bereaved families, and I have made clear to them.

REFERENCE: Extract from the Common Agenda Joint Report: "Joint Report to President William J. Clinton and Prime Minister Ryutaro Hashimoto." Presented in Tokyo on 14 June 1996 by Under Secretary of State Timothy E. Wirth and Deputy Minister for Foreign Affairs Kazuo Ogura.

Counterterrorism

In connection with the April 17 Tokyo Summit, the Governments of the United States and Japan have decided to bring existing cooperation on counterterrorism under the Common Agenda. The two Governments coordinate counterterrorism policy and operational measures through regular bilateral consultations among United States and Japanese diplomatic, intelligence and law enforcement officials. U.S.-Japan counterterrorism cooperation includes efforts to strengthen multilateral mechanisms to counter the threat of chemical, biological and nuclear terrorism.

The two Governments also coordinate efforts through the P-8 counterterrorism Experts structure. Together

with the other P-8 countries, the Governments of the United States and Japan will strengthen cooperation with respect to the guidelines set forth in the Ottawa Ministerial Declaration of December 12, 1995. The P-8 governments in this declaration decided to enhance international counterterrorism cooperation through such means as law enforcement cooperation, intelligence sharing, and interdiction of terrorist movement and funding.

Both Governments participated in the International Conference on counterterrorism held in February 1996 in the Philippines at which representatives from 19 countries expressed their collective commitment to combating terrorism. Both Governments will work to support greater law enforcement cooperation among nations. They will encourage all states to make efforts to become parties to and to abide by international treaties and conventions against terrorism. In addition, the two Governments will intensify research and development of technologies to deter, detect and apprehend terrorists.

Japan: Basis of Gap in Semiconductor Talks With U.S. Noted

OW2906232396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Jun 96 Evening Edition p 2

[Article by Satoshi Kittaka]

[FBIS Translated Text] Lyons, 27 June — In dealing with the issue of renewing the Japan-U.S. semiconductor agreement, Japan and the United States have agreed to upgrade negotiations from the working level to the ministerial level. The two countries will seek a political settlement at a meeting set for mid-July in New Zealand, or by the end of July, the deadline for an agreement. The degree of government involvement, including monitoring of foreign chip share as demanded by the United States, will continue to be a focal point of the negotiations. Since there is a large gap between Japan and the United States in their claims, it is not necessarily expected that the two countries will reach a settlement by the deadline.

Yoshihiro Sakamoto, deputy vice minister of the Ministry of International Trade and Industry (MITI), and Ira Shapiro, senior counsel and negotiator at the U.S. Trade Representative (USTR) office, have continued to discuss renewal of the bilateral semiconductor accord since June as the working-level representatives in charge of negotiations. While Japan has maintained that the intergovernmental semiconductor accord should be replaced by a private-sector accord, the United States has insisted on the intergovernmental accord. The negotiations have come to a deadlock.

Japan: 'Source' Says Semiconductor Talks Possible at APEC Meeting 13 Jul

OW0107141496 Tokyo KYODO in English
1358 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Japanese and U.S. vice ministers might meet as early as July 13 in Christchurch, New Zealand, to try to resolve the ongoing semiconductor trade issue between the two countries, a government source said Monday [1 July].

Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry (MITI), and Ira Shapiro, senior council and negotiator at the office of the U.S. Trade Representative, are likely to attend the meeting, the source said.

The working-level talks are aimed at making a breakthrough in the semiconductor issue ahead of the scheduled meeting between MITI Minister Shumpei Tsukahara and acting U.S. Trade Representative Charlene Barshefsky.

Tsukahara and Barshefsky will attend the July 15-16 meeting of trade ministers of the Asia-Pacific Economic Cooperation (APEC) forum in Christchurch.

Japan: Editorial Questions Semiconductor Agreement With U.S.

OW2806133396 Tokyo TOKYO SHIMBUN in Japanese 27 Jun 96 Morning Edition p 4

[Editorial: "Intergovernmental Accords Should Be Terminated"]

[FBIS Translated Text] Should the agreement be terminated or extended — a high-level political decision may be necessary for settling the Japan-U.S. semiconductor talks, which remains stalled. An ambiguous settlement would only leave bad scars on both sides.

The semiconductor issue is one of the pending trade issues troubling Japan and the United States. As the expiration of the treaty is imminent, the United States has shown strong indication that it wants to somehow settle the issue satisfactorily. This may be a politically-motivated move in view of the upcoming U.S. presidential election.

In a letter addressed to Prime Minister Ryutaro Hashimoto, U.S. President Bill Clinton has stated that it is necessary to achieve "the same level of success attained in security issues" in settling the semiconductor talks, in addition to settling negotiations over the insurance services and civil aviation sectors. Clinton and Hashimoto are reportedly scheduled to meet each other during the Lyons summit (meeting of industrialized nations) and immediately initiate ministerial-level talks.

So far, Japan and the United States have remained apart on the semiconductor issue, and the end is not in sight. It is to be welcomed if Hashimoto and Clinton meet and try to seek a breakthrough. It is desired that they hold frank discussions.

However, if what the United States considers "successful" refers to the extension of the chip accord, then it must be said that is an extremely unilateral and inflexible attitude. The existing accord should indeed be terminated, after which it should be left up to the private sectors to settle the matter. That is how it ought to be.

The reason is that the situation surrounding the semiconductor markets has drastically changed.

To begin with, the world's semiconductor markets have changed. As we have repeatedly pointed out, Japan's semiconductor market, which accounted for 40 percent of the world's markets in 1986 when the Japanese-U.S. semiconductor agreement came into effect, has now dropped to 30 percent. Instead, Asian markets have shown remarkable growth.

Foreign semiconductors' share of the Japanese market is now up at 30 percent. With the rising number of tieups between Japanese and U.S. companies, it has become increasingly meaningless to talk about "domestic" or "foreign" chips.

That is to say, the semiconductor industry — whether it concerns production or marketing — has expanded on a global scale, and it can no longer be controlled by bilateral agreements. As a matter of fact, the EU reportedly wants to participate in semiconductor talks. Thus, it is time to discuss the semiconductor issue on a multilateral basis.

It certainly would be to the advantage of the United States to retain an agreement that includes "figures" — all the more, if foreign semiconductors' share of the Japanese market can be maintained at the current level.

The talks would be futile if the United States keeps insisting on this point, in consideration of the presidential election. The United States should seriously study Japan's proposals, such as shifting intergovernmental agreements to private-sector accords and holding a global conference for promoting multilateral, private-sector cooperation.

Japanese-U.S. relations are important. Therefore, reaching a compromise via odd political decisions would only leave problems for the future. We strongly urge that both Japan and the United States stand on a global viewpoint to deal with the matter properly.

Japan: Hashimoto Says Tokyo Seeks U.S. Efforts on Trade Rows

*OW2906152896 Tokyo KYODO in English
1501 GMT 29 Jun 96*

[FBIS Transcribed Text] Lyons, France, June 29 KY-ODO — Japan's Prime Minister Ryutaro Hashimoto said Saturday [29 June] Japan and the United States should bear equal responsibility to resolve their disputes over semiconductor and insurance trade by the end of July.

At a news conference following the Group of Seven summit here, he said he told U.S. President Bill Clinton that Tokyo will do its part to strive to settle the rows and the United States should do the same.

While acknowledging the difficulty of settling the disputes, Hashimoto maintained these trade issues should not poison relations between the two countries.

Hashimoto and Clinton, in their meeting here Thursday, agreed to settle the rows covering the two specific trade sectors by the end of July.

On other topics, the Japanese premier said Tokyo is ready to offer financial and personnel assistance for international monitoring efforts in the Bosnia-Herzegovina general elections scheduled for Sept. 14.

Asked about Japan's position on Butrus Butrus-Ghali's bid to win reelection as U.N. secretary general, Hashimoto said only that it is too early to answer the question.

Japan: Hashimoto Seeks U.S. Efforts To Settle Trade Row

*OW2906164196 Tokyo KYODO in English
1600 GMT 29 Jun 96*

[By Yoichi Kosukegawa]

[FBIS Transcribed Text] Lyons, France, June 29 KY-ODO - Japanese Prime Minister Ryutaro Hashimoto urged the United States to make the necessary compromises to settle bilateral trade disputes over semiconductors and insurance by a July 31 deadline.

Meeting the press after the three-day Group of Seven (G-7) annual summit in Lyons, France, Hashimoto said, "Japan will make efforts, but the United States also should make efforts."

"There are no optimistic prospects for settlement of the trade issues, but such issues should not hurt the overall relations between the two countries," he said.

Hashimoto met with U.S. President Bill Clinton Thursday just before the start of the G-7 summit in the central

French city, and agreed to settle the semiconductor and insurance disputes by the end of July.

Bilateral negotiations have been stalled over whether to extend the Japan-U.S. semiconductor agreement, which expires July 31, as well as over measures taken by Japan to liberalize its insurance market.

Hashimoto opposed involving the European Union (EU) in the semiconductor talks now being held between Japan and the U.S.

"If the EU hopes to establish a complete tripolar system in semiconductor trade, it has to reduce its tariffs on semiconductor products to zero," Hashimoto said, noting that Japan and the U.S. impose no such tariffs.

However, Hashimoto said Japan provides information on Japan-U.S. semiconductor talks to the EU. On this point, dialogue with the EU is already open, he said.

Commenting on peace in Bosnia-Herzegovina, a key issue at the G-7 summit, Hashimoto expressed Japan's readiness to be actively involved in the peace initiative there by providing financial and personnel support for general elections set for Sept. 14.

While noting its involvement in the Bosnian peace process, Hashimoto urged his European partners to pay more attention to peace on the Korean peninsula and treat it as a global issue.

Asked about U.N. Secretary General Butrus Butrus-Ghali's bid for reelection, meanwhile, Hashimoto said only, "it is too early to refer to the issue."

The U.S. Administration has decided not to support Butrus-Ghali's reelection. European countries, however, sounded reluctant to accept the U.S. push for a quick consensus to block Butrus-Ghali from a second term.

Japan: Aviation Talks With U.S. End Without Agreement

*OW2906040596 Tokyo KYODO in English
0329 GMT 29 Jun 96*

[FBIS Transcribed Text] Washington, June 28 KYODO — Japanese and U.S. aviation negotiators failed to resolve a dispute over expanding passenger air services as they concluded two days of talks Friday [28 June], sources close to the talks said.

Japan rejected a U.S. request for unconditionally allowing United Airlines and Northwest Airlines to open and expand services in the Japanese market, the sources said.

U.S. Transportation Secretary Federico Pena issued a statement after the talks blaming Japan for its unwillingness to approve the U.S. airlines' rights guaranteed under the 1952 Japan-U.S. aviation pact.

The United States is now likely to enter a domestic legal procedure to impose sanctions on Japan, which would prompt Tokyo to take retaliatory steps, the sources said.

Among possible sanctions by the U.S. is suspension of part of Tokyo-Los Angeles flights operated by Japan Airlines (JAL) and All Nippon Airways (ANA), Japanese sources said.

At the talks, Washington demanded Northwest be allowed to fly to Jakarta via Osaka, beginning July 1, under the so-called "beyond" rights which allow carriers to fly to third nations after stopovers.

It also called for formally authorizing increased services by United between Tokyo and Los Angeles before a provisional approval of the services expires July 8.

The U.S. argues that these two carriers, which enjoy privileges under the existing bilateral aviation treaty, should be allowed to open new routes and increase flight frequencies without negotiations.

Japan, however, argued that the imbalance of Japanese and U.S. aviation capabilities should be redressed first, calling for authorizing a new route between Hiroshima and Honolulu by JAL.

Japan: Ministry Defers Response on FedEx 'Beyond' Rights

OW2906054596 Tokyo KYODO in English
0456 GMT 29 Jun 96

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Japan reserved giving an answer to a U.S. call for allowing Federal Express (FedEx) of the United States to serve five Asian cities via Japan in bilateral aviation talks that ended Friday (28 June). Japanese Transport Ministry officials said Saturday.

The U.S. cargo carrier is demanding that the ministry authorize its flights to Beijing and four other cities by way of Japan under the "beyond" rights that allow carriers to stop over and pick up cargo and passengers for delivery to third countries.

Japanese and U.S. aviation negotiators met Thursday and Friday in Washington to discuss passenger air services.

Washington argues that FedEx, United Airlines and Northwest Airlines are entitled to open new routes, including beyond services, and boost flight frequencies freely under the 1952 Japan-U.S. aviation treaty.

Japan, however, insists that the use of such rights by U.S. carriers should be restricted to redress the imbalance in Japanese and U.S. aviation capabilities.

U.S. negotiators reportedly criticized Tokyo's reservations about the planned FedEx service, saying it is unfairly treating the vested interests of the U.S. carrier. Japanese officials said the U.S. side hinted at possibly taking retaliatory steps.

The officials said the ministry did not immediately approve the request partly because the U.S. company refused to submit business plans and other documents for scrutiny.

Japan: Aviation Talks Expected To Continue To Avoid Sanctions

OW0107132196 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Jun 96 Morning Edition p 3

[FBIS Translated Text] Although Japan and the United States failed to reach accord in the recent passenger aviation talks, the aviation authorities of the two countries are expected to continue behind-the-scene talks in the beginning of next week to avoid possible mutual sanctions. A provisional approval of services between Tokyo and Los Angeles by United Airlines (UA) expires on 8 July. Unless the two sides make compromises, the number of the UA's Tokyo-Los Angeles flights will be reduced and this will bring about a serious situation.

A severe confrontation between Japan and the United States began after Northwest Airlines [NA] demanded that it be allowed to fly to Jakarta via Osaka, beginning 1 July, under the so-called "Beyond Rights," which allow U.S. carriers to use Japan as a stopover on the way to other Asian countries. It is almost certain that the Transport Ministry will postpone its approval of the NA's request. In reaction, Washington will not authorize Japan Airlines [JAL] to open a new route between Hiroshima and Honolulu on 4 July.

In the past, Japan and the United States imposed "limited sanctions" on each other by not authorizing new routes. But they never canceled existing flights.

In late April, Tokyo and Washington struck a transient agreement over the passenger aviation dispute. Under the accord, the UA was allowed to increase weekly flight frequencies between Tokyo and Los Angeles to 14 from 7, and JAL was also permitted to increase its flights between Sendai and Honolulu. During the recent official talks, however, the two sides made no concessions but hinted at imposing sanctions on each other by canceling the UA's and JAL's increased flights after the provisional approval of their services expire on 8 July.

The Transport Ministry intends to decide how it should deal with the situation after Japanese negotiators return

home early next week. A senior Transport Ministry official emphatically said: "The purpose of the negotiations is to accomplish equitability in bilateral aviation interests that are now disadvantageous to Japan. If we compromise now, the imbalance will become greater." The ministry plans to sound out Washington's views during unofficial talks. Nonetheless, the United States has not changed its stand that the Japanese Government should approve the two U.S. airlines' "vested rights" and allow them to open new routes and increase their flights.

Japan: Transport Official Notes Readiness To Resume Aviation Talks

OW0107105896 Tokyo KYODO in English
1003 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Japan is ready to negotiate with the United States again by next Monday [8 July], after failing Friday to resolve a dispute over expanding passenger air services, a senior transport ministry official said Monday.

"It is inadvisable to let the current bilateral dispute develop into a tit-for-tat sanctions war. Even if we don't have face-to-face meetings, we can have talks by phone," Vice Transport Minister Minoru Toyoda said at a new conference.

The provisional approval of increased services by United Airlines between Tokyo and Los Angeles and by Japan Airlines between Sendai and Honolulu is set to expire next Monday. Unless the approval is extended, the services will be decreased.

Toyoda said, "it will take time to bring the bilateral issue to a final settlement. It is significant that Japan fully informed the U.S. of its views regarding the equalization of opportunities for the Japanese and U.S. air industries at last week's talks."

Japan: Auto Follow-Up Talks With U.S. Expected To Go Smoothly

OW2906122196 Tokyo KYODO in English
1055 GMT 29 Jun 96

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The first follow-up meeting between Japan and the United States on auto and auto parts trade after the bilateral auto agreement struck a year ago is likely to go smoothly, Japanese Trade Ministry and industry officials say.

"I don't think there will be any big disagreements," said an official at the Ministry of International Trade and Industry.

The talks are scheduled to be held in September, for the first time since the June 28 agreement last year ended the auto dispute between the two countries.

For the first five months of this year, sales in Japan of U.S.-made motor vehicles, which will be one criterion used to assess the openness of the Japanese market, grew by a strong 17 percent from a year earlier to 172,800 vehicles.

According to the American Automobile Manufacturers Association, the number of Japanese dealers selling American autos jumped by 92 in the past year, reflecting efforts by companies such as General Motors Corp. and Ford Motor Co. to establish marketing bases.

While it is uncertain whether the total number of such dealers will grow by the targeted 200 by the end of the year, association officials nonetheless are pleased with the steady progress being made. The U.S. is hoping to have the number of Japanese dealers selling U.S. cars increase by 1,000 by the end of 2000.

Meanwhile, Japanese automakers are boosting overseas production. Toyota Motor Corp. is currently constructing a truck assembly plant in Indiana, its fourth North American factory, as well as an engine plant in West Virginia.

The auto giant's production capacity in North America is expected to reach 1.2 million units in 1998, up 1.6 times from 730,000 in 1994.

Companies such as Nissan Motor Co. and Honda Motor Co. are also increasing procurement of auto parts from overseas.

With Japanese companies likely to step up production overseas to avoid the negative effects of exchange rate fluctuations, autos and auto parts are unlikely to assume serious proportions in bilateral trade at least for the time being, industry sources say.

Japan: Kajiyama Displeased With Murayama Over Base Issue Remarks

OW2806140296 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 28 Jun 96 Morning Edition p 2

[FBIS Translated Text] On the evening of 27 June, Chief Cabinet Secretary Seiroku Kajiyama commented on remarks by Tomiichi Murayama, chairman of the Social Democratic Party (SDP), and other SDP executive officials, who are opposed to enacting special legislation to facilitate procedures for the compulsory use of land for U.S. forces. Speaking at a meeting of the "Group To Contemplate on Japan's Course," a group of dietmen belonging to the Liberal Democratic Party, at a Tokyo restaurant, Kajiyama expressed displeasure, saying: "It

is undignified to express opposition when you do not even know what is going to happen yet."

Regarding the timing of a lower house dissolution and a subsequent general election, Kajiyama said: "The term (of lower house members) lasts until July 1997. Right now, the political situation is dead calm. I want all of you to be careful not to over-exhaust yourselves from trying too hard to prepare for the election."

Japan: SDP, Okinawa Government Agree To Reject Base Legislation

OW2906051096 Tokyo ASAHI SHIMBUN
in Japanese 27 Jun 96 Morning Edition p 2

[FBIS Translated Text] Party Head Tomiichi Murayama, Secretary General Kanju Sato, and Policy Board Chairman Shigeru Ito of the Social Democratic Party (SDP) met with Deputy Governor Masanori Yoshimoto of the Okinawa Prefectural Government (OPG) in Tokyo on the evening of 26 June to discuss measures to settle Okinawa base issues and measures for promoting development in Okinawa. At the meeting, they agreed to reject the government's moves to enact special laws in connection with the issue on expropriation of land for the use as U.S. military bases. With regard to the heliport to replace Marine Corps Air Station (MCAS) Futenma, they confirmed the intention to stick to the policy "of absolutely rejecting the plan to replace it with an air station on the same scale of the Nagoya Airport."

Murayama indicated his view that "it is of greater significance to take the Okinawan people's feelings into consideration than to take hard-line legislative measures." Moreover, he informed Yoshimoto of the SDP intention to support Okinawa in implementing the Okinawa-demanded development promotion programs through "the Headquarters for Promotion of Comprehensive Development of Okinawa" to be set up on 27 June.

The issue on relocating the heliport at MCAS Futenma is included in the accord on returning or reducing U.S. military bases, which was reached at the Japan-U.S. Special Action Committee on Okinawa (SACO) last April. Vice Governor Yoshimoto expressed his concerns over this issue. Meanwhile, he also indicated the OPG's position of taking positive measures to handle issues connected with the other bases, including relocation within the prefecture. Moreover, Yoshimoto disclosed that a referendum will be conducted as soon as in early September based on the prefectural referendum ordinance.

Japan: Okinawa Schedules Referendum on Bases for 1 Sep

OW2906054396 Naha OKINAWA TIMES in Japanese
27 Jun 96 Morning Edition p 1

[FBIS Translated Text] Vice Governor Masanori Yoshimoto held a meeting with Tomiichi Murayama, chairman of the Social Democratic Party (SDP); SDP Secretary General Kanju Sato; and other officials of the same party in Tokyo on the night of 26 June. At the meeting, the vice governor disclosed an intention to hold a referendum on 1 September to ask local residents whether or not they support a reorganization and reduction of U.S. bases on Okinawa and review of the Japan-U.S. Security Treaty. This was the first time for a senior official of the prefecture to clarify a date for the referendum.

Regarding the voting day, the prefecture had been saying that the precondition was to secure a public notification period of about three months. Taking into consideration such schedules as Governor Ota's trip to the United States, slated to be made as early as this summer, and a prefectural assembly session, which will start in late September, prefectural government officials were carefully coordinating among themselves.

On 21 June, the prefectural assembly approved a bill setting up the referendum. Following the 24 June effectuation of the referendum, the prefectural government started on the same day to make full-fledged preparations by setting up a special task force for the referendum (a 13-member task force headed by Tsuyoshi Gushiken). Among other things, the task force will be in charge of public relations and clerical works for the referendum. A headquarters for promotion of the referendum, which will be headed by Vice Governor Yoshimoto to represent all agencies, will be formed as early as late this week.

Moreover, the prefectural government issued on 26 June a notice designed to inform the Okinawa branch of the Japanese Trade Union Confederation (Rengo Okinawa) (chairman: Masahiro Toguchi), which proposed the referendum, that the bill was approved. On 27 June, Rengo Okinawa will hold an emergency three-executive meeting to launch a campaign aimed at setting up a supra-partisan nucleus for the referendum.

Although the result of the referendum will not be legally binding, it will clearly show the prefectural people's will regarding the reorganization and reduction of military bases. The Japan-U.S. Special Action Committee on Okinawa (SACO), which is studying the base issue, is scheduled to compile a final report in November. It seems likely that an outcome of the referendum will have some impact on works by the governments of both countries.

Japan: Local Governments Oppose Futenma Heliport Relocation

OW2906051196 Naha OKINAWA TIMES in Japanese
28 Jun 96 Morning Edition p 27

[FBIS Translated Text] The local legislatures and other groups in Yomitan Village, Kin Town, and Nago City, where the three candidate sites for the construction of a substitute heliport for the Marine Corps Air Station [MCAS] Futenma — Kadena Ammunition Depot area, Camp Hansen, and Camp Schwab — are located, expressed their opposition to the relocation plan on 27 June, stating "any further reinforcement of the bases is unacceptable."

The construction of a substitute heliport is a condition for the return of MCAS Futenma, and it was reported that the U.S. side has proposed unofficially to Japan these three sites in Okinawa.

In Yomitan, 11 groups, led by the village government, the village assembly, and the agricultural cooperative, which make up the Executive Committee (chaired by Village Mayor Tokushin Yamauchi) for the Yomitan Mass Rally Against the Construction of the Heliport, held on 19 May, sent a cable to Prime Minister Ryutaro Hashimoto and other officials, saying: "We reiterate our determination to stop the plan even physically."

The Kin Town Assembly (speaker, Zenkichi Teruya), during the final plenary session of its regular session for June unanimously passed a position paper, a resolution, and an appeal on "Opposing the Relocation of MCAS Futenma to Camp Hansen." The position paper and the other documents emphasize that, "This will mean an even greater burden and more sacrifices for the town people; it is absolutely unacceptable."

On the other hand, the Nago City Assembly (speaker, Soko Gakiya) held a meeting of its Special Committee on Military Bases, and decided to pass a resolution protesting the relocation on 28 June.

Mayor Tetsuya Higa of Nago also held a news conference, during which he said: "We were completely taken by surprise. They have absolutely ignored the local residents' feelings. The Nago people, for more than 50 years, have lived in fear of crimes and accidents involving U.S. military personnel, and endured noise and other damage." He revealed that arrangements are being made to hold a mass rally to protest the relocation in early July.

Tokyo Eyes Land Expropriation Act Covering SDF, USFJ Bases

OW2906063496 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 28 Jun 96 Morning Edition p 2

[FBIS Translated Text] On the evening of 27 June, a top government official said special legislation for accelerating the expropriation of land and lots for U.S. Forces Japan [USFJ] facilities is likely to cover facilities of the Self-Defense Forces [SDF], too. The Okinawa Prefectural Government and the Social Democratic Party [SDP] are reacting strongly to proposals for legislation intended only for USFJ facilities in Okinawa. Under such circumstances, the government is expanding the coverage of the legislation to all USFJ and SDF bases, probably to lessen the impression that the law aims at Okinawa only. Nevertheless, some quarters in the government say "SDF facilities should not be involved in the controversy," and details will be further adjusted before the fall extraordinary Diet session having an eye on the response of Okinawan people.

Commenting on the targets of the new land expropriation legislation, the top government official noted that SDF facilities should be the primary coverage of the new legislation, and land expropriation for USFJ facilities would be handled as the law's secondary function. He said: "The law will be enacted for Japan's defense and its primary coverage should be the SDF. The Japan-U.S. security arrangement should be secondary."

The government official did not mention which law will be changed. However, as a revision of the stationary forces facilities law has nothing to do with SDF facilities, the government will have to either 1) newly enact a special legislation, or 2) revise the special law on land expropriation for public facilities, which is presently intended for railways and airports.

In preparation for the May 1997 renewal of land lease contracts with some 3,000 anti-base landlords who own land on 12 USFJ military facilities including Kadena Air Base, the Defense Facilities Administration Agency [DFAA] intends to call for public understanding of forcible land expropriation by stressing the urgent need for expropriation procedures. Early in June the DFAA informally requested that the coalition government enact special legislation intended for these facilities and the Sobe Communications Site, the land lease contract of which expired last April.

However, SDP head Tomiichi Murayama and Okinawan Vice Governor Masanori Yoshimoto agreed to oppose the DFAA plan when they met on the evening of 26 June.

It is believed that the top government official referred to the possibility of covering SDF facilities with the special legislation because the enactment of the legislation would be very difficult because some coalition parties may not support the DFAA plan. Future controversy over the special legislation may ruin ties of the coalition of the Liberal Democratic Party, the SDP, and New Party Sakigake. The official added: "The government has not yet determined whether or not the special legislation is necessary. Vice Governor Yoshimoto has gone too far."

Nevertheless, the Defense Agency is taking a prudent stance toward the idea because the agency has never had any problem in land expropriation for SDF facilities. Vice Defense Minister Naoaki Murata said: "We have no intention to expand the coverage of the legislation to SDF facilities. It is of no use to discuss abstract ideas which will not implemented."

Japan: Okinawa Officials Oppose MCAS Futenma Relocation Plan

OW2906064696 Naha RYUKYU SHIMPO
in Japanese 27 Jun 96 Morning Edition p 2

[FBIS Translated Text] With regard to the plan of building a substitute heliport and a new airstrip following the return of Marine Corps Air Station Futenma, Japan and the United States are now studying the possibility of building a new base at such sites as the Kadena Ammunition Storage Area (ASA) or Camp Hansen. However, top leaders of the Okinawa Prefectural Government (OPG) have indicated their position of basically rejecting the plan due to the opposition of local governments and also from the standpoint of conservation of nature. Through the Social Democratic Party (SDP), the OPG has indicated its opposition to the plan of building a base at the Kadena ASA, which is inhabited by many precious animals and plants. However, according to remarks made by a number of senior officials, top leaders are strongly opposed to the plan of building the new base at either the Kadena ASA or Camp Hansen. In connection with the plan of building a new heliport, Japan and the United States are now engaged in final consultations on the relocation site and the scale of the facility. Thus, depending on the move to be made by the OPG, there is a possibility that the consultations will reach a deadlock.

Regarding the plan to build a substitute heliport, one top prefectural leader rejects it by saying that "no answers can be given to a question based on a supposition." However, he added: "If the plan is to build the new heliport at either Kadena ASA or Camp Hansen, it will arouse strong opposition among the Okinawan people, including local cities, towns, and village governments.

As a result, Japan and the United States will have greater difficulties at the negotiations. No progress can be made at the talks unless the plan is at least permissible to the OPG and to local city, town, and village governments."

Another top leader has stated positively that if these two sites should be selected as candidate sites for relocation, "it would be impossible for the governor to convince the local people to agree to the heliport relocation plan." As for the reasons, he said: "If the Kadena ASA should be selected, the local people have said they would wager their own blood and flesh against the plan. Moreover, if trees in the forest of the agricultural reservoir should be cut down, it would lead to problems connected with nature conservation and agricultural development. If Camp Hansen should be selected as the relocation site, the Sobe Communications Site will have to be relocated, and an airstrip of about 1,000 meters in length will have to be built there by cutting down trees in the forest. If this should be the case, it would be impossible for the OPG to persuade the local people."

Within the central government there is a growing criticism of the governor, noting that regarding the relocation issue, "the governor takes a negative position." However, some OPG officials maintain that "the contradiction has arisen because of an attempt to realign and reduce military bases without reviewing the military strength" and that "it is rather irrelevant to put the blame on the OPG," (as stated by a top OPG official). It has also been pointed out that "it is nothing but a desk plan which pays no attention to the people living there nor to the natural environment," (as stated by a senior OPG official).

Japan: Camps Hansen, Schwab Possible Sites for Heliport

OW3006000596 Naha OKINAWA TIMES in Japanese
29 Jun 96 Morning Edition p 2

[FBIS Translated Text] A government source disclosed on 28 June that, of three sites proposed by the United States for relocation of the functions of Marine Corps Air Station (MCAS) Futenma, the Japanese Government considers either Camp Hansen or Camp Schwab as a possible relocation site and that relocation to the Kadena Ammunition Depot area (KADA) "is difficult because of noise." Both the Japanese and U.S. Governments are expected to decide on a site as early as the end of July and to officially make a proposal to the Okinawa side. However, since the assemblies of local municipalities that have been proposed as sites for the relocation of the military base have already announced their intention to refuse to accept another base, it is likely that public resistance will intensify to relocation of MCAS

Futenma, which is to be returned on condition that its airfield be relocated somewhere in Okinawa.

As sites proposed for relocation, the U.S. side has unofficially proposed 1) unused land in the KADA; 2) an area near the coast in Camp Hansen; and 3) an area in Camp Schwab.

The government source said that the Japanese Government believes that, "in terms of noise problems, the other two sites are preferable to the KADA" and that the government, together with the U.S. side, will hasten to decide on the site. The government also plans to study environmental protection measures such as how to deal with red soil erosion, which may occur during construction of a heliport. Thus, the government intends to proceed carefully with the relocation plan while observing the reaction of local residents.

The assembly of Nago City, where Camp Schwab is located, adopted on 28 June a resolution opposing relocation of the base. Meanwhile, Kin Town Mayor Katsuhiro Yoshida conveyed to the prefectural office on the same day his intention to oppose relocation. In the village of Yomitan, where the KADA is located, a large rally was held on 19 May to oppose construction of a heliport.

Moreover, Governor Ota, during his recent visit to the United States, conveyed to Defense Secretary Perry his intention to oppose construction of another base that would require deforestation. It is almost certain that negotiations between the central government and Okinawa Prefecture over construction a heliport, which is a condition for return of MCAS Futenma will face rough sailing.

Japan: Okinawa Rejects Hashimoto Request on U.S. Base Lease

OW0107065296 Tokyo KYODO in English
0604 GMT 1 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 1 KYODO — Okinawa Prefecture sent notice to the central government Monday [1 July] of its decision to refuse a request by Tokyo to take the required steps for the continued use of land within a U.S. military facility.

After meeting with prefectural officials, Okinawa Gov. Masahide Ota enclosed a document in an envelope addressed to Prime Minister Ryutaro Hashimoto informing him that he will not comply with Tokyo's request to make public a government paper facilitating the continued forced use of a plot of land in the southwesternmost prefecture.

"The return of the [Marine Corps Air Station] Futenma air base (agreed by both U.S. and Japanese Govern-

ments) and its transfer to other locations within the prefecture are far from the satisfaction of the Okinawa people," Ota explained in refusing the request.

"Because an appeal (on the governor's role in endorsing the continued use of land) is pending in the Supreme Court, careful consideration is needed," he said.

Chief Cabinet Secretary Seiroku Kajiyama, the top government spokesman, said of Ota's refusal, "We will continue dealing with this issue with full courtesy and reason."

Hashimoto earlier sent a letter to Ota requesting the governor's cooperation concerning the continued use of the plot of land within the U.S. Sobe communications facility in the village of Yomitan.

Hashimoto also "recommended" that the governor publicize the paper on behalf of the central government.

With Ota's refusal, the central government will "order" the governor to publicize the paper as the next step in the procedure to force the continued lease of the land owned by Okinawa shop owner Shoichi Chibana.

If Ota still refuses to act as a proxy on the lease of the 236-square-meter plot, the government will file a lawsuit ordering him to take the measure.

The course of the procedures would follow the pattern set last year when then Prime Minister Tomiichi Murayama requested Ota to sign a document for the land in question.

Ota refused at that time to sign and after a lawsuit and appeal, the Supreme Court is expected to hear arguments from July 10 on the case and make a decision concerning the constitutionality of the forced lease of land for U.S. military bases in Japan.

The government is asking Ota to act as proxy for Yomitan's village head, Tokushin Yamauchi, who refused to post the forced lease document for the land in the prefecture.

Kajiyama also said Japan has agreed with the United States to relocate some of the Futenma base functions to other areas in Okinawa prefecture and that this promise cannot be scrapped merely on the wishes of the prefecture. The government is nonetheless considering how to better respond to Okinawa's requests, he added.

The prime minister called Ota's rejection "very regrettable," shortly after he returned home from the summit of the Group of Seven (G-7) industrialized nations in Lyon, France, which ended Saturday.

When Tokyo and Washington agreed in April on the Futenma base handover, the governor told Hashimoto

that relocation within the prefecture is "not the best, but it is better than leaving Futenma as it is," the premier said to reporters at his official residence.

Japan: Defense Official Notes 'Discontent' With Ota's Lease Position

OW0107135596 Tokyo KYODO in English
1346 GMT 1 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 1 KYODO — A senior official in charge of defense facilities expressed discontent Monday with Okinawa's governor for refusing to cooperate with the government in renewing a lease on a plot of land where a U.S. military facility is located.

Sadakatsu Kohama, director of the Naha Regional Defense Facilities Administration Bureau, made the remarks after Okinawa Prefecture refused a central government request to take the required steps for the continued use of land for a U.S. military facility within the prefecture.

Okinawa Gov. Masahide Ota cited as a reason for the refusal the Okinawan people's opposition to the transfer of an air base to other locations within the prefecture once [Marine Corps Air Station] Futenma air base is returned.

"It is a pity that the issue of scaling down the bases have affected the procedures of acquiring land within the U.S. military facility," Kohama told a press conference.

The U.S. agreed in April to return Futenma air base in a U.S.-Japan Government accord, reached after bilateral talks on scaling down U.S. military bases in Japan.

Japan: Nakasone Sees Okinawa Issue Leading to Coalition Breakup

OW3006054396 Tokyo KYODO in English
0504 GMT 30 Jun 96

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Former Prime Minister Yasuhiro Nakasone said Sunday [30 June] a feud within the tripartite ruling coalition over how to handle the issue of U.S. military bases in the southwestern island prefecture of Okinawa might trigger a dissolution of the House of Representatives.

"If the three parties cannot agree (on the Okinawa issue), it is possible that the coalition will be broken up. In that case, all they can do is to dissolve (the lower house)," Nakasone said on a Fuji Television Network program.

Nakasone made the remarks after stressing that the coalition should cooperate to resolve the Okinawa issue while maintaining the framework of the Japan-U.S. security accord.

But if the three parties — the Liberal Democratic Party, to which he belongs, the Social Democratic Party and New Party Sakigake — fail to come to a consensus among themselves, a dissolution and a general election are inevitable, he said.

In the case of a snap general election, Nakasone said, it would be desirable to hold it at a relatively early time.

Under an agreement reached in April between Japan and the United States, the U.S. military will vacate some 20 percent of the land it now occupies in Okinawa Prefecture.

The Okinawa prefectural government led by Gov. Masahide Ota, however, has not eased its fight against the central government, which plans to continue the seizure of private land on the island for the U.S. military's use.

Meanwhile, LDP Secretary General Koichi Kato said the lower house dissolution is likely to take place this year.

"I think a general election will be held well before the completion of (a full four-year term in July 1997)," Kato said on a TV Asahi network program.

But Kato also said Prime Minister Ryutaro Hashimoto is unlikely to dissolve the chamber until he finds a solution, at an extraordinary Diet session expected to be convened this fall, to pending issues such as U.S. military bases in Okinawa Prefecture.

Japan: Editorial Views Futenma Relocation Plan

OW3006013396 Naha RYUKYU SHIMPO
in Japanese 28 Jun 96 Morning Edition p 5

[Editorial: "The U.S. Government's Futenma Relocation Proposal Is Not a Basic Solution"]

[FBIS Translated Text] It has been proven that if the consolidation and reduction of U.S. military bases in Okinawa is to be undertaken with relocation as a condition, there can be no solution to this problem.

For one thing, in a small prefecture like ours, we are like a balloon. If you press hard in one part, another part is bound to inflate. If you press too hard, the balloon might burst. Like in the case of the Naha Military Port, without a consensus by the Okinawan people on the relocation site, the plan will have to be deferred. Even if relocation is implemented, and base land is returned, problems arising from the U.S. base will only be transferred to the relocation site. This will not constitute a basic solution.

The high density of U.S. bases in our small prefecture refers to the fact that there are too many bases and they all occupy expansive land, plus the reality of the

number of U.S. soldiers, the activities of these troops, and the frequency of exercises. We are distressed that the governments of Japan and the United States do not understand this.

It has been reported that the U.S. side unofficially proposed the following sites for the substitute heliport for Marine Corps Air Station [MCAS] Futenma: 1) Unused land in the Kadena Ammunition Depot area; 2) an area near the coast in Camp Hansen; and 3) an area in Camp Schwab. The construction of this heliport is a condition for the full return of MCAS Futenma.

Although the runway for landing and launching helicopters will be shorter than the existing one, the Japanese Government will still have to expend enormous funds to build a new facility.

Relocation Is Taken as a Prerequisite

It should have been clear that if relocation is a prerequisite, the return of MCAS Futenma would run into a snag sooner or later. However, since Prime Minister Ryutaro Hashimoto and President Bill Clinton agreed at the recent Japan-U.S. summit meeting in Tokyo to make the return of Futenma a centerpiece in solutions for U.S. bases issues in Okinawa, relocation within Okinawa has been promoted as if this has always been the policy. Herein lies the problem.

The Japanese and U.S. Governments seem to have thought that an agreement on the return of Futenma would be the trump card in winning Okinawa's understanding. In particular, Prime Minister Hashimoto seems to be unhappy that Okinawa does not appreciate his decisiveness in obtaining the United States' consent. He is reportedly "irritated" that Governor Ota personally conveyed to U.S. Defense Secretary William Perry his opposition to the relocation of the heliport within Okinawa. Immediately after the prefectural assembly passed the bill on holding a referendum on the consolidation and reduction of U.S. military bases, the prime minister also said: "This has made the problem even more difficult."

It seems that the prime minister and the national government can hardly understand why the governor and the Okinawans do not appreciate the government's efforts in negotiating with the U.S. Government. The government's measures for economic development in Okinawa should never have been a condition for accepting U.S. military bases. This is because, even the government admits that the presence of the bases has been an obstacle in Okinawa's industrial development and in all aspects of the Okinawans' life.

However, such a notion traditionally exists in the government, as seen in the frequent use of the expression:

"We are indebted to Okinawa for the bases." The government and the ruling parties hope to win Okinawa's understanding by presenting proposals for land use after the return of Futenma, and for economic development in Okinawa, along with the negotiations for the return of bases. Yet, these measures should not be part of a horse trade with the construction of a substitute heliport and accepting the status quo of the other bases. There are things that are simply unacceptable to Okinawa. Base return on condition of relocation is not possible, in the first place.

Some Things Are Not Possible

The local community near the Kadena Ammunition Depot area, which has been chosen as the first candidate site for the heliport, fiercely opposes this plan. The conditions in the neighboring districts of the Kadena airfield are already beyond the limit of tolerance. The local residents have, in fact, filed lawsuits to stop aircraft activities at night. Even though the substitute heliport is a little bit removed from the Kadena airfield, this will only result in an expansion of the area affected by intolerable noise.

Aside from noise and the danger of crashes, deforestation of the natural forest in the Ammunition Depot area will create problems in terms of the conservation of water resources and the natural environment.

Camp Hansen in the town of Kin and Camp Schwab in Nago City have been listed as candidate sites for relocation. It may be convenient for the U.S. forces to conduct joint Air Force-Marine Corps exercises and operations activities there because a foot regiment of the Marine Corps is stationed in those camps. However, we do not think the local residents will accept relocation since they are still suffering from many accidents resulting from the existence of the camps.

If the government succeeds in persuading the local residents, and if a facility is built there, anti-base movements calling for removing U.S. military facilities will be repeated every time accidents and crimes committed by U.S. servicemen occur. When the high density of U.S. bases in Okinawa is considered, the return of MCAS Futenma with relocation as a condition is no more than a postponement of the issue. The return of bases without troop reductions will not lead to a drastic settlement of base issues. Moreover, construction of a substitute facility requires a huge amount of money, which will be appropriated from taxes collected from the people. This is not what the Okinawan people really want.

It is reported that within the government there is growing criticism of the governor for "being negative" about

tackling the issue of relocating the heliport. The Okinawa Prefectural Government is not saying it will not cooperate in promoting a long-awaited plan to return MCAS Futenma, but the central government should know that there are some points on which Okinawa can cooperate and others on which it cannot. The government will be able to guess Okinawa's position if it takes a look at the anti-base movements of local residents and municipalities in the mainland that are listed as candidate places for live-fire exercises currently conducted in Camp Hansen over the prefectural highway. Therefore, relocating functions of MCAS Futenma to some other places in Okinawa will cause another base issue which cannot compare with that facing mainland local municipalities, which are listed as candidate sites for live-fire exercises. We wonder if the government does not know this.

Japan: Hashimoto Issues Statement at Lyons News Conference

OW3006024396 Tokyo NHK General Television
Network in Japanese 1331 GMT 29 Jun 96

[Statement by Prime Minister Ryutaro Hashimoto at the post-G-7 summit news conference in Lyons on 29 June; live]

[FBIS Translated Text] Thank you very much for joining us. At the beginning of the news conference, I would like to note one point. We had very good meetings thanks to thorough preparation by President Jacques Chirac and the French authorities. I would like to express my appreciation for that before opening the news conference.

Looking back at the summit talks, I think there were four major points. First, we discussed how to deal with the trend of globalization. In addition to the need to promote existing policy coordination, I said that globalization is not only a challenge but also a new opportunity. We should deal with it in a positive way, seeking economic and social flexibility. At the same time, I stressed we should give adequate consideration to those who cannot catch up with the trend.

Second, we discussed the partnership between advanced and developing nations. On this topic, I brought up several development projects we are working on. Under the new global partnership, I stressed the need for new development strategies, such as result-oriented targets on reducing poverty and infant and maternity death rates. This proposal was warmly received by my partners. They also welcomed my proposal for enriching assistance to Africa.

Third, global issues and political affairs were discussed as important subjects. In this field, I referred to the im-

portance of environmental protection and nuclear energy safety. Also, from the viewpoint of a member of the Asia-Pacific region, I explained Japan's stance toward the situation on the Korean peninsula and China's admission to the World Trade Organization. I said that, just as European members believe the Bosnian issue is a global concern, so do we believe the Korean peninsula issue should also be handled as a global problem. Regarding the Korean issue, I stressed Japan's support for the quadrilateral talks proposed by U.S. President Bill Clinton and ROK President Kim Yong-sam at the P-8 [a U.S.-led international forum on counterterrorism], and noted the need for further enhancement of counterterrorism efforts. At the same time, I expressed Japan's readiness to continue assistance to peace implementation in Bosnia-Herzegovina in a positive manner. I think this was welcomed by my partners.

The fourth topic was cooperative relationships with international organizations. In addition to the four major subjects, we thoroughly discussed such political affairs as the situations in Bosnia, the Middle East, and Russia as well as counterterrorism.

As you know, a terrorist bombing was reported in Saudi Arabia just before the summit meeting. I think that was a tragedy. I had to start my pre-summit meeting with President Clinton with a message of condolence to the victims. Under such circumstances, the Group of Seven [G-7] adopted a declaration on counterterrorism with an agreement to hold ministerial talks in Paris in July. Japan proposed sponsorship of an international counterterrorism seminar with participation by both advanced and developing nations.

Regarding control of antipersonnel mines, Japan proposed sponsorship of an international conference in early 1997 to enhance UN-led mine removal efforts in, and this was supported by other members. Also, I voiced Japan's support for moves toward a total ban on the use of antipersonnel mines, noting Japan's decision on voluntary control of its own use of mines.

As to cooperation with international organizations, I said the reform efforts of international organizations should not be in name only. I proposed the use of surplus funds created by the organizational reform for investments in developing nations — this idea was incorporated in the G-7 economic declaration.

I have been saying that the G-7, as world leaders, should fully grapple with efforts to create a better world, or society, for future generations. As some of you from Japan know, I have been dealing with welfare-related affairs as my life work since the very beginning of my political career. From such a point of view, I am well aware of the fact that each member of the G-7

international community is working on tough questions on welfare policies. Some nations are suffering from heavy social welfare burdens, and others are now planning to establish comprehensive medical insurance systems. Some developing nations are just about to study the significance of welfare systems. Every nation in the world is working on welfare-related issues. I believe sharing know-how and experiences will be very helpful for everyone to establish long-lasting social welfare systems and overcome various concerns such as economic strength, public burdens, roles of youth, and shares of the business sector. Basically, welfare policies should discuss mutual support by the public. Not only advanced nations, but also all developing nations and new economic powers should share their wisdom and experiences to overcome each other's problems. Yesterday, I introduced this opinion to G-7 partners as an initiative in global welfare. Fortunately, I obtained the support of President Chirac, chairman of the Lyons summit, President Clinton, who will host the 1997 summit, and all other members. This proposal was defined as everyone's homework for the 1997 summit in the United States, and, hereafter, the G-7 will work on this in concert with the OECD and other international organizations. Japan will document its own experience so that other countries can use it. That is all there is to say.

Japan: Hashimoto Holds News Conference in Lyons
OW3006103096 Tokyo NHK General Television
Network in Japanese 1339 GMT 29 Jun 96

[News conference by Prime Minister Ryutaro Hashimoto with foreign and domestic correspondents in Lyons on 30 June — live]

[FBIS Translated Text] [Dean of the Press Corps] Now, we start a question-and-answer session. If you have questions, please raise your hand.

[Ishikawa] I am Ishikawa from KYODO News Service. Mr. Prime Minister, I appreciate your having done well at this international conference. I would like to ask about the Japan-U.S. summit talks, which attracted our attention as the Group of Seven summit meeting did. It is reported that you and Mr. Clinton agreed to conclude the pending talks on the semiconductor and insurance sectors by the end of July. We have the impression that the decision came as a bit of a surprise. Could you talk about the process of making the decision, prospects for reaching a settlement by the end of July, and the content of the 30-minute tete-a-tete between the prime minister and the President at the beginning of the summit talks?

[Hashimoto] To tell the truth, I did not expect the one-on-one talks at all before I met with Mr. Clinton. As

soon as I saw Mr. Clinton, I expressed my condolences to victims of the recent explosion in Saudi Arabia. Then, President Clinton suddenly proposed the one-on-one talks when we were in an elevator. For this reason, both the working-level officials and I were surprised. For more than half an hour, we put aside the private-sector aviation issue on passenger airlines, which is another unsettled issue, and held in-depth discussions on the semiconductor and insurance issues. In the latest meeting with reporters, I summarized: We agreed to try to conclude the talks by the end of July. We agreed that, just as Japan must make efforts, the United States also must make efforts to reach a settlement; and we agreed to make mutual efforts to bring the issues to an end. I believe that President Clinton shares this view with me.

At this point, I do not have easy prospects for the conclusion of the issues in the insurance and semiconductor sectors. However, at the same time, we should not break the Japan-U.S. relationship because of those issues. The two countries have so far created a good relationship by sharing the common rule. Japan has its claims and the United States has its own demands. I would like to refrain from commenting on details of the negotiations. I have asked Finance Minister Kubo and Minister for International Trade and Industry Tsukahara respectively to make efforts to solve the insurance and semiconductor issues. At the same time, U.S. officials in charge are asked to make similar efforts. The President and I agreed in the talks that, by doing so, we hope to reach a settlement.

After the G-7 summit meeting today, I told Mr. Clinton that we do make all-out efforts, and you, the United States, also make efforts to please. I stated that, if U.S. officials in charge do not have enough time for negotiations due to other pending issues, it would be bad for us. So, I asked the President to coordinate on such a case. I think that the United States will actively tackle creating an environment for smooth negotiations. I do not think this kind of issue should be settled as winning or losing. This is how well we discover points of mutual compromise. If you see the face of those two [Hashimoto points to Kubo and Tsukahara], you will be sure that things will go well.

[Jones] I am Jones from the Associated Press. We foreign correspondents were very confused with the fact that both the Japanese prime minister and the Foreign Ministry spokesman are Hashimoto. I had to explain several times to the editorial staff of our headquarters who were also confused. It was a tough three days. The prime minister just mentioned the world welfare initiative. Unlike Japanese prime ministers in recent years, did you propose the idea to play a more positive or dynamic role in the international arena? Or does the

idea aim at making Japan's international roles more dynamic or positive and promoting Japan's leadership?

[Hashimoto] When Japan was defeated in World War II 51 years ago, I was a second grader at an elementary school. In Japan in those days, there was a large number of newborn babies, however, many of them did not survive. Japan was also one of the countries where the death rate of expectant and nursing mothers was high. At present, our country is suffering from decreasing birthrates, although the mortality of infants and expectant and nursing mothers is extremely low. We have already begun to tackle the task of lightening the burdens we experienced 50 years ago.

For example, let me talk about a project I am engaged in. We have asked the Nepalese Government to designate a county in Nepal to receive a primary health center for children there. At the same time, we have introduced into the county the same school child insurance system as is currently used at ordinary elementary schools in Japan and have given sanitary education to mothers there. Through such efforts, we have succeeded in reducing the mortality rate of infants and expectant and nursing mothers there.

This is just an example. We want other nations to use our expertise to improve welfare, which we acquired with much effort, so they will be able to improve their welfare without having to make similar efforts. I was not sure that this issue would be appropriate for the agenda at the G-7 summit. Therefore, I presented this proposal as my personal idea, although I briefed Mr. Chirac on it in advance and made contact with other leaders through working-level channels. I do not have a swelled-head intention of taking the initiative or of forcing Japan's experiences on other nations by making this proposal.

However, please do not think that this is first time Japan has made such a proposal. In the 1970's, Japan successively caused environmental damage in various areas such as air, water, and forest preservation by failing to recognize the limited purifying ability of nature. Since then, we have newly set up the Environment Agency and have tackled environmental disruption. Although I cannot say all problems have been solved, we are now creating a system that is completely different from those days. I served as finance minister at the London summit, which took place just 20 years after that era. At the London summit, we distributed documents on our experience in tackling environmental problems, and explained our experiences. At the same time, we asserted that Japan hopes people will not repeat our mistakes elsewhere; that, if asked we are ready to provide all the documents on our mistakes and to make clear what efforts we made toward a solution and what the results

were of our mistakes. After that, some countries made good use of our experiences, including mistakes, to establish an environment agency in their countries.

During my term as minister for international trade and industry until recently, I gave the same advice to the people of ASEAN. What I want to tell you is that Japan by no means hopes that other nations will repeat our mistakes as a result of Japan concealing past mistakes. I believe that people should not repeat the same mistakes. We want other nations to use our experience and efforts to overcome mistakes, and we hope other nations will not repeat the same mistakes. We have already performed such activities in the environmental area. Now, we are about to take up the same activities both in the welfare and social security areas. This is our intention.

[Okubo] I am Okubo from YOMIURI SHIMBUN. You said you had told G-7 leaders that Japan would take part in the peace implementation process in Bosnia-Herzegovina. What will Japan actually do there? Election monitoring may be a possible role as Bosnia-Herzegovina is planning an election. Could you tell us your specific plan?

[Hashimoto] My answer would have to be very lengthy if you are looking for details. So, I would like to answer your question with an example.

I think there would be many unexpected problems until peace is fully achieved in the nation. In your question, you mentioned election assistance as an example. We intend to offer financial and personnel assistance to the election monitoring efforts, and the government will study measures for reaching that objective. So far, we have the impression that Bosnia-Herzegovina is very far away. We have neither geological nor historical knowledge of the nation nor adequate know-how to implement elections in such a nation. So, we are going to play our possible positive roles with much consultation with other nations and international organizations; assistance with election monitoring may be a possible role.

In exchange for our initiative in the Bosnian issue representing the Asian community, I would like European nations to show interest in the Korean peninsula situation. I would like to have Europe's assistance with KEDO [Korean peninsula Energy Development Organization]. The Bosnian and Korean issues are both global concerns, not regional problems.

[Unidentified moderator] Next, non-Japanese reporter, please.

[Marcanoni] Thank you, Mr. Prime Minister, my name is Susan Marcanoni from BNA News in Washington. I

want to ask you a question about international financial institutions.... Ah, I want to ask you about a meeting with representatives from international financial institutions. Are they of value to you, or what is the value of your expected meeting with them again next week?

[Hashimoto] This time, I had the opportunity to meet several leaders of international organizations, including the secretaries general of the United Nations, the World Trade Organization, and the IMF, as well as the World Bank governor, and I think meetings with them were very significant. In this context, their participation in the G-7 summit was very beneficial. I said I respect President Chirac's initiative in inviting those people to the summit meeting. However, as the United States is the host for the 1997 summit, I have no intention of saying something which may affect U.S. preparations for the next meeting. What I can say is that, regardless of their roles in the G-7 summit, I think we should meet more frequently with the heads of these international organizations; having more opportunities to exchange of frank opinions is beneficial for both sides.

[Ishida] I am Ishida from NHK. The chairman's statement referred to the quadrilateral talks on the Korean peninsula situation, but this reportedly faced rough going due to opposition by Russia. Could you explain the negotiation process? Also, could you tell me why the China situation was not mentioned in the chairman's statement?

[Hashimoto] On 22 and 23 June, I met with ROK President Kim Yong-sam on Cheju Island just before my trip to Lyons. In the discussion on the Korean peninsula situation, we agreed to promote the U.S.-ROK proposal for quadrilateral talks by China, North Korea, the ROK, and the United States. During the summit, I tried to do my best to call for other members' support to realize the quadrilateral talks because it was an agreement with President Kim. President Clinton and I believe that it is a desirable tool for settling problems on the Korean peninsula. I think it is inappropriate to say which leaders said what in the meeting, and which country took what kind of attitude toward certain topics. What is announced as the conclusion is the accord reached among all participants. In this sense, the Middle East, Bosnia-Herzegovina, and the Korean peninsula were referred to as regional uncertainties. And, frankly speaking, we did not mention China because none of us thought China has the same kind of uncertainty.

Apart from this, we must try harder to accept China into international frameworks. For example, I have been saying, and mentioned during the summit, that we can ask for China to make efforts at reform, and we should

try to accept China into the WTO if China makes satisfactory efforts.

[IRISH TIMES] I am Mark [name indistinct] from IRISH TIMES. The chairman's statement contains a clause thoroughly discussing organizational reform of the United Nations. I would like to ask you if Japan supports reelection of UN Secretary General Butrus-Ghali.

[Hashimoto] I think it is too early to raise the question of future courses of action by the UN secretary general. I will answer that question when I am ready. Regarding UN reform, we indeed have expectations for more accelerated and comprehensive reform efforts. I feel that recent debates on UN reform focused too much on financial issues, but the financial problem is not the only target of UN reform. As a matter of course, we have to continue efforts seeking UN functions suitable to the post-Cold War world.

[Unidentified reporter] Although time is limited, I would like to continue a few more minutes. For those who would like to ask a question, please make your question short; we will ask the prime minister to make his answers short. This time, a Japanese reporter, please.

[Uchida] I am Uchida with TV Asahi. Among the G-7 nations, every time a trade negotiation is held, there is a country that always tries to get its demands met by threatening to impose unilateral sanctions. During this summit meeting, was that point taken up and discussed?

[Hashimoto] At various moments of the summit meeting this time, many nations called into question an attitude of applying one's domestic laws extraterritorially or taking unilateral measures, saying that this is not desirable. However, all of us were cautious about taking this up for discussion. But I recall that this opinion came up from time to time.

[Unidentified reporter] Now, non-Japanese press, please.

[Reporter, in Russian with voice-over simultaneous translation into Japanese] I am from Russia, what do you think of Russia's participation in the G-7 and, also, what are your thoughts in regard to expanding the G-7 into a G-8?

[Hashimoto] In the political sphere, there is no one who would deny that Russia is, in fact, playing a very major role in the world. In fact, this year, as a result of a proposal made by President Yeltsin, the Nuclear Safety Summit was held in Moscow in the form of the so-called P-8 — that is, the G-7 plus one. This time, unfortunately, President Yeltsin did not take part in it, but Prime Minister Chernomyrdin participated on his behalf, and we had, as you know, the P-8 meeting. In

the economic area, however, we feel — and I think it is our collective view — that the time is not yet ripe. That is how I take it.

[Unidentified moderator] To the Japanese reporters, I am sorry, but since the prime minister is in Lyons, Paris, touring abroad, we would like field two more questions from the non-Japanese press, please.

[Non-Japanese reporter, in English with voice-over simultaneous translation into Japanese; transcribed from English] Mr. Prime Minister, Bill Juraski [name as heard] from BUSINESS WEEK magazine. Multilateralism has been one of the major themes of this summit as you have pointed out. Yet the discussions on the semiconductor trade at this point are a bilateral matter. I wonder if you would see it as preferable, either now or some time in the future, for this negotiation to be expanded to a trilateral negotiation involving the European Union [EU].

[Hashimoto] In regard to semiconductors in the EU, what is their tariff situation? What is the EU's tariffs on semiconductors? I wonder if they have already offered exactly the same conditions as we do. If you are talking about equal footing, Japan and the United States have zero tariffs on semiconductors. However, the EU, I am sure, has not reduced tariffs to zero. One party is protecting semiconductors with tariffs. Can it be said that a nation with tariff protection is on equal terms with nations that impose no tariffs on semiconductors? This is what I have doubts about. But of course we are engaged in discussions on semiconductors with the Americans on the question of whether to extend the Japan-U.S. semiconductor agreement. And the same information is accurately communicated to the EU, and we have also heard the wishes of EU officials in charge of this issue. So, in that respect, our dialogue with the EU has already been concluded. Please do not misunderstand that. But if the EU wishes to have a complete trilateral arrangement, then the EU will have to reduce their tariffs on semiconductors to zero. If that condition is accepted, I believe Mr. Tsukahara [Minister of International Trade and Industry] will not turn down that sort of dialogue.

[Unidentified moderator] The last question from a non-Japanese press please.

[Reporter speaking, in English with voice-over simultaneous translation into Japanese; transcribed from English] Raymonds Lloyd [name as heard], NEW INTERNATIONALIST, Oxford. Regarding Japan's work for peace, on 25 October 1993, in its Resolution 4811, the UN General Assembly called for a revival of the ancient Olympic truce, under which all countries taking part in future Olympics would halt their wars for six weeks.

The first Olympic games where this truce can be properly implemented are those of Nagano in February 1998 — and this is in a country that has made the promotion of peace a key element in its foreign policy. Does Japan have any plans, prior to the '98 Olympics, to alert its ambassadors in countries of conflict to work as intermediaries for peace; or, for those countries that insist on continuing wars in February 1998, to ban athletes from those countries from taking part in the Winter Olympics in Nagano?

[Hashimoto] If I were to make that sort of suggestion to the ambassadors of countries concerned, I would not say that we will not allow athletes from countries in conflict to participate. While the youths representing their respective countries participate in the Olympics and compete in games, please stop other competitions and please have fair competitions in the sports world. This I would appeal. I would say to the athletes, even if they hail from countries in dispute, that, to compete in this world of sports, come out with your opponents and compete on the same sports arena! But I would not say this: Look, now, just six weeks before the beginning of the Olympics, your countries are still engaged in armed conflict; and, therefore, I would not allow people from your countries to participate. I myself like taking exercise. If I were qualified to participate in the games and, if I were not allowed to take part in the competition, I would really feel very lonely. My competitors who are supposed to compete in the same competition, I am sure, would not hope and would not welcome this idea of certain athletes not being allowed to participate for that reason. Let everyone participate — I think that is better. If, as a result of participating in sports, we could dispel the grudges that we have against each other, that would be the best. But I have some objection to your remarks about the ancient Olympics. Are you sure that you can say that we should go back to the ancient Olympics in front of women? As far as I know, in the ancient Olympics, women were not allowed to enter the places where competitions were held. That means, of course, there were no women's competitions. Now, can I dare suggest to women that we are going back to the ancient Olympics; and, therefore, be warned, you are not allowed to come into the stadiums.

[Unidentified moderator] Thank you very much. Time is up, and the meeting adjourned. Please remain in your seat until the prime minister has left the room..

[Hashimoto] Thank you.

Japan: Prime Minister Hashimoto's 'Initiative' at G-7 Summit

OW3006122096 Tokyo KYODO in English
1205 GMT 30 Jun 96

[By Yoichi Kosukegawa]

[FBIS Transcribed Text] Lyons, France, June 30 KY-ODO — With the strain of domestic politics left behind in Tokyo, Japanese Prime Minister Ryutaro Hashimoto wore a smile these last few days during the Group of Seven (G-7) summit in Lyons.

Meeting the press shortly after the three-day annual gathering, Hashimoto declared it had been fruitful and said Japan had taken the initiative in discussions on issues such as development, disarmament and the environment.

Unlike many of his predecessors who had apparently sat mute at summit sessions, Hashimoto, known as a "tough" negotiator when he was trade minister, was vocal at the Lyons summit.

Although Hashimoto has twice participated in past G-7 summits, as trade minister and finance minister, this was his first as Japan's head of government.

Hashimoto, an aggressive and argumentative politician, not only made a set of proposals but also actively participated in discussions among G-7 leaders, Japanese sources said.

When his staff presented documents prepared for the Lyons summit, Hashimoto said, "from now on, leave everything to me," according to the sources.

White House Spokesman Mike McCurry said in a postsummit press briefing that Hashimoto presented "very effectively" his initiative on global elimination of antipersonnel land mines to lead a lengthy discussion on the issue during the political part of the summit.

Such praise from a foreign official for a Japanese leader's role in political discussions is rare. As the world's second biggest economy, Japan carries weight in economic discussions, but it has usually kept a low profile in political debates.

On the political front at Lyons, Hashimoto, with help from the United States, succeeded in gaining support from European partners and Russia for proposed four-way talks to reopen dialogue between North and South Korea to reduce tensions on the Korean Peninsula.

In April, the U.S. and South Korea proposed that Seoul and Pyongyang restart dialogue, with the U.S. and China as mediators.

Russia is not a member of the G-7, but has been attending the political part of the summit. The G-7 groups Britain, Canada, France, Germany and Italy, in addition to Japan and the U.S.

Before attending the summit, Hashimoto repeatedly said there is a need to integrate China into the international community as a "constructive" partner by supporting its bid to enter the World Trade Organization (WTO).

The chairman's statement at the G-7 summit, however, did not refer to the situation in China.

Hashimoto told reporters that the statement dealt with "countries with uncertain factors."

"No leader thought China has unstable factors," he said.

On the economic side, meanwhile, Hashimoto took the lead in the development sector by presenting several "ideas" to help countries that have fallen behind the process of economic globalization.

Japan's global contributions have so far been limited mainly to the financial side and Tokyo has often been criticized for its lack of ideas to resolve problems.

At Lyons, however, the G-7 supported Japanese proposals in endorsing a new results-oriented strategy for development projects for poor countries and agreed on the need to funnel funds saved from streamlining efforts at the United Nations and other international organizations to these projects.

In an unusual step by a Japanese leader, Hashimoto personally presented an initiative for global cooperation for better social welfare and security. Fleshing out this initiative will be a prime task before next year's G-7 summit in the U.S. city of Denver, Colorado.

Outside the summit, Hashimoto had a 30-minute one-to-one meeting with U.S. President Bill Clinton, and agreed to settle two disputed trade areas of semiconductors and insurance by July 31.

Hashimoto and Clinton were initially scheduled to hold a one-hour talk, accompanied by their delegations.

Hashimoto said Clinton proposed a one-to-one meeting in the elevator on the way to a hotel room for their talks. He accepted the proposal, and held "heated" discussions on the trade issues, Hashimoto said.

Having shown more initiatives than his predecessors at this G-7 summit, Hashimoto now returns to Japan where a mountain of tasks await him.

But it is far from certain that, once back in Tokyo, he will show similar boldness and leadership in dealing with budget deficit cuts, defense cooperation with the

U.S. and other domestic issues plaguing his three-party coalition government.

Japan: Ikeda Interviewed on Summit Results, Quadripartite Talks

OW0107050296

[FBIS Report] Tokyo NHK General Television Network in Japanese at 0001 GMT on 30 June, in its regularly scheduled "Sunday Discussion" program, carries a 14-minute live interview with Foreign Minister Yukihiko Ikeda on the results of the Group-of-Seven [G-7] summit in Lyons, France. NHK Commentator Takashi Yamamoto interviews Ikeda in Lyons via satellite hookup.

In the opening, Ikeda says "I think the summit was very successful." As definite achievements, Ikeda highly rates G-7 leaders' thorough discussions on such issues as economic globalization, assistance to developing nations, regional uncertainties in Bosnia-Herzegovina, the Middle East, and North Korea, and counterterrorism measures.

When asked about G-7 partners' attitudes toward Hashimoto's initiative in discussions on Asian affairs, Ikeda states: "Prime Minister Hashimoto talked a lot about the Korean peninsula situation. Also, he stressed that China's constructive role as a member of the international community is very important not only for Asia, but also for the entire world. I think G-7 partners showed very positive attitudes toward his opinion. In particular, I think Japan successfully obtained G-7 partners' understanding of the point that the stability of the Korean peninsula is not a regional issue, but a global concern just like the Bosnian situation."

In response to a question on Russia's interest in participation in multinational talks on the Korean peninsula situation, Ikeda says: "Neither Russia nor other G-7 members have any objection to the significance of the quadrilateral talks proposed by the United States and the ROK. However, frankly speaking, I do not deny the fact that some countries may want larger frameworks of consultation. But the eight nations which joined the summit unanimously agreed on the significance of the quadrilateral talks. If we discuss the future, not only Russia but also Japan may have opportunities to take part in consultations."

Commenting on questions about G-7 summits becoming political shows, Ikeda notes the G-7 is functioning quite well. He says: "The summit is designed to exchange frank opinions among state leaders to coordinate their actions. I think there is no need to change the current style."

In reply to the last question asking Japan's international roles following the Lyons summit, Ikeda stresses Japan has been taking the initiative at the G-7 summit and other international forums in promotion of economic globalization and aid to developing countries. Referring to political roles, he says: "Hereafter, in addition to economic roles, Japan will have to play active diplomatic and security roles to contribute to stability of the entire world. In this context, we should have adequate interest in stability and peace in Bosnia and the Middle East. Also, we should seriously take part in the fight against terrorism."

Japan: Kubo Says Public Support for ODA More Difficult To Win

OW2906014096 Tokyo KYODO in English
0102 GMT 29 Jun 96

[FBIS Transcribed Text] Lyon, France, June 29 KY-ODO — Japanese Finance Minister Wataru Kubo on Friday [28 June] noted growing difficulties for his government to win people's support for the nation's Official Development Assistance (ODA) as public deficits have accumulated, Japanese officials said.

Kubo made the remarks in a meeting among finance ministers from the Group of Seven (G-7) major industrialized nations and heads of the International Monetary Fund, the World Bank and the World Trade Organization. They met over dinner Friday at the three-day annual G-7 summit which ends Saturday, the officials said.

Kubo apparently aimed at checking global hopes for Japan to share further financial burden for aid, including contributions to multilateral institutions, political sources said.

Japan's outstanding balance of government bonds is predicted to reach as much as 240 trillion yen by the end of next March, equivalent to nearly 50 percent of the nation's GDP.

Kubo told other G-7 finance ministers and heads of the multilateral institutions that Japan will continue responding to requests for financial aid provided that their purposes are clear and positive effects can be expected, the officials said.

He was quoted as saying, "It is important to design the nature of assistance as contributions to the protection of the environment and peace" in order to proceed smoothly with parliamentary deliberations on the budget for ODA.

Tokyo Offers To Host International Land Mines Conference

OW2906122396 Tokyo KYODO in English
1159 GMT 29 Jun 96

[FBIS Transcribed Text] Lyons, France, June 29 KY-ODO — Japanese Prime Minister Ryutaro Hashimoto on Saturday (29 June) proposed hosting an international conference in Tokyo in early 1997 to support efforts to remove land mines, Japanese officials said.

Hashimoto made the offer in talks at this year's summit of the Group of Seven (G-7) major economic powers of Britain, Canada, France, Germany, Italy, Japan and the United States, with Russia participating as a political dialogue partner.

He said the proposed international conference will discuss support for U.N. and other international organizations' efforts to remove buried land mines around the globe, according to the officials.

The Japanese leader was also quoted as citing as topics likely to be raised at the conference development of advanced technology to detect and eventually remove land mines, and rehabilitation training for the victims of mines.

Land mines kill more than 20,000 people a year, mostly civilians, with the largest number of fatalities reported in Afghanistan, Angola and Cambodia. They also pose a serious problem in Bosnia-Herzegovina and Croatia.

There are some 110 million mines left scattered in 68 nations around the world and two to three million mines are newly installed each year.

Japan: Cuban Minister Urges Tokyo's Opposition to U.S. Sanctions

OW2906042496 Tokyo YOMIURI SHIMBUN
in Japanese 28 Jun 96 Morning Edition p 6

[By Yuzuru Ishiguro]

[FBIS Translated Text] Havana, 27 Jun — Ibrahim Ferradaz, Cuban foreign investment and economic cooperation minister, gave an interview to YOMIURI SHIMBUN Vice President Hirohisa Kato on 26 June, and expressed hope for Japan's unchanged opposition to the anti-Cuba "Helms-Barton Act" of the United States.

U.S. President Bill Clinton signed the Helms-Barton Act following Cuba's shootdown of an airplane operated by a Cuban refugees' group. The legislation is aimed at imposing sanctions against third-country companies and individuals trading with Cuba. Now that European countries are boosting investments in Cuba, they have been criticizing the U.S. legislation as "an unlawful application of a domestic law to foreign countries."

In the interview, Ferradaz noted "Over 230 companies in 30 industrial fields are making direct investments in Cuba, and none of them so far have plans to leave." However, he added, the U.S. legislation "may trigger withdrawals of the foreign investors in the future." On those grounds, he stated "the Japanese Government has been opposing the U.S. legislation in various international conferences, and I believe Japan will stick to the position."

Ferradaz also said "officials of over 1,000 U.S. companies have visited Cuba since last year (in preparation for future removal of the U.S. sanctions)," noting "U.S. companies are the primary victims of the sanction."

Referring to the fact that Japanese investors are not active in Cuba, Ferradaz stressed recent improvements in the legal system to protect foreign investors, such as the foreign investment act and the tax-free zone act. In conclusion, Ferradaz said Cuba wants to conclude with Japan a bilateral agreement on protection of foreign investment, just like those concluded with 17 nations including Germany and the UK.

Tokyo, Moscow Agree on Active Talks on Territorial Row

OW2906130896 Tokyo KYODO in English
1217 GMT 29 Jun 96

[FBIS Transcribed Text] Lyons, France, June 29 KY-ODO — Japanese Foreign Minister Yukihiko Ikeda and his Russian counterpart Yevgeny Primakov agreed Saturday (29 June) the two countries should hold more talks on their long-standing territorial dispute, Japanese officials said.

In their meeting here, Primakov acknowledged there remains a territorial row to be settled between Japan and Russia, the officials said.

Ikeda said the two nations should work to resolve the dispute through dialogue, they said.

Japan has long demanded the return of the four Russian-held islands — Etorofu, Kunashiri and Shikotan Islands and the Habomai group of islets — off Japan's northernmost main island of Hokkaido.

The former Soviet Union seized the islands in the final days of World War II.

Tokyo Will Not Protest Yetain 'Rejection' on Islands

OW0107131396 Tokyo KYODO in English
1147 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Japan has no intention of lodging a protest over Russian

President Boris Yeltsin's reported rejection of territorial claims by Japan and other countries, Vice Foreign Minister Sadayuki Hayashi said Monday.

Hayashi said Tokyo and Moscow have repeatedly confirmed that they will strive to resolve the long-standing territorial dispute between the two countries in accordance with the 1993 Tokyo declaration.

Most recently, he said, Foreign Minister Yukihiko Ikeda and Russian Foreign Minister Yevgeny Primakov agreed Saturday to resume talks on the bilateral row in ministerial- and working-levels after the Russian presidential election set for Wednesday.

"This is so clear that we have no intention (to file a protest over president Yeltsin's reported remarks)," said Hayashi, Japan's top career diplomat, at a news conference.

The Tokyo declaration, issued when Yeltsin visited Japan in October 1993 for a summit with then Prime Minister Morihiro Hosokawa, calls for an early resolution of the quarrel over four Russian-occupied islands — Etorofu, Kunashiri, Shikotan and the Habomai group of islets.

Japan has long demanded the return of the islands that the former Soviet Union seized at the end of World War II and for conclusion of a bilateral peace treaty with Russia.

Japan: Hashimoto Asks Europe for More Contributions to KEDO

OW2906122296 Tokyo KYODO in English
1141 GMT 29 Jun 96

[FBIS Transcribed Text] Lyons, France, June 29 KYODO — Japan's Prime Minister Ryutaro Hashimoto called Saturday [29 June] on Europe to make further contributions to an international consortium aimed at containing North Korea's alleged push for nuclear weapons, Japanese officials said.

At this year's summit of the Group of Seven (G-7) leading industrialized nations, Hashimoto welcomed a plan by the European Union (EU) to contribute 15 million European Currency Units (ECU) (about 6.3 million dollars) to the Korean Peninsula Energy Development Organization (KEDO) over the next five years, the officials said.

But he said he wants the EU first to contribute 1 million ECU to KEDO to make up for the consortium's immediate lack of operational funds, they said.

KEDO was established in March 1995 to raise about 4.5 billion dollars to provide North Korea with two light-water nuclear reactors.

In Saturday's talks, U.S. President Bill Clinton threw his support behind Hashimoto's call. European Commission President Jacques Santer said the EU is mulling additional measures on the funding issue.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States. The Lyons Summit marked Hashimoto's debut at the annual G-7 gathering as Japanese prime minister.

Japan: Officials Meet on Normalization of Ties With DPRK

OW2906020596 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 27 Jun 96 Evening Edition p 2

[FBIS Translated Text] On the morning of 27 June, a source concerned with Japan-DPRK relations disclosed that Yi Chol-chin — chief of the DPRK Foreign Ministry's Japanese Department, who is in charge of negotiations for normalization of diplomatic ties between Japan and the DPRK — met with Koro Bessho, chief of the Northeast Asian Bureau of the Japanese Ministry of Foreign Affairs (MOFA), in Tokyo on 26 June. It seems that they exchanged views aimed at resumption of negotiations for normalization of diplomatic ties, which have been suspended since November 1992. Working-level officials of both countries contacted each other in March in Beijing. However, the recent meeting is their first contact since then and it seems likely that behind-the-scenes maneuvers will resume over normalization of Japan-DPRK diplomatic ties.

Yi Chol-chin has been visiting Japan since 21 June at the invitation of the Institute for International Issues (director: Nobuo Nagai). He is scheduled to stay here until 1 July. On contact with North Korean officials, MOFA maintains the stand that, "although official negotiations are unlikely, we will deal with unofficial contacts between working-level officials on a case-by-case basis" (according to a senior MOFA official).

Japan: Article Discusses Background of DPRK Mission's Visit

OW3006122496 Tokyo SANKEI SHIMBUN
in Japanese 28 Jun 96 Morning Edition p 2

[FBIS Translated Text] A North Korean "Disarmament and Peace Institute" (DPI) delegation (led by Kim Nyon-gil [as published], adviser to the institute), now on a visit to Japan, had successive contacts with high-ranking Japanese Government officials in Tokyo this week, thus actively moving behind the scene. It has been observed that the delegation's move is mainly aimed at feeling out the Japanese side's position in connection with the early resumption of Japan-DPRK talks on normalizing diplomatic relations between the two nations. However,

the prospects for resumption of negotiations are still far from certain because there is a wide gap between the two countries' understanding of the situation on the Korean peninsula.

The DPI is an organization directly under the North Korean Foreign Ministry. On a reciprocal visit to North Korea by the "Japan Institute of International Affairs" (director: Nobuo Matsunaga, representative of the government), which is under the Ministry of Foreign Affairs [MOFA], in late March, the delegation arrived in Japan on 24 June at the invitation of the institute. The mission is scheduled to stay until 30 June. The delegation held talks with Director Matsunaga on 26 June.

According to persons concerned, delegation head Kim, at talks with Matsunaga, reportedly sounded out the possibility of an early resumption of Tokyo-Pyongyang negotiations on normalizing diplomatic relations. Moreover, Yi Chol-chin, who is a delegation member and is head of the Japanese section of the DPI and serves concurrently as chief of the Japanese Division at the North Korean Foreign Ministry, held talks on the same day with Koro Bessho, head of the Northeast Asia Division of the Japanese Foreign Ministry. They exchanged views on such DPRK domestic issues as food shortage and the four-way negotiations proposed by the United States and South Korea.

It is reported that, at the talks, the Japanese side "pointed out the tough international situation surrounding North Korea and had the North Korean counterpart shoulder many burdens by making such demands as North Korea's acceptance of four-way talks" (according to a source connected with Japan-DPRK diplomacy). However, "(the North Korean side's) reaction did not satisfy the Japanese side. It will be meaningless for Japan unless the North Korean officials take back Japan's demands to the country" (according to the same source). Thus, the Japanese side is negative about holding the delegation-proposed chief-level talks with MOFA.

Referring to this spurning of the DPRK side, a source connected with Japan-DPRK diplomacy says: "North Korea made sheep's eye not only at the United States but also at Japan after Japan provided rice aid last year. But, at least judging from a lineup of the DPRK delegation and Japanese officials who held talks with the delegation, I do not think North Korea had a particular purpose — such as obtaining Japanese humanitarian aid — in dispatching the delegation." Moreover, the source analyzes: "It is highly possible that North Korea sent the delegation with the aim of dividing Japan-ROK relations by piling up contacts with the Japanese side and seeking

a timing that is advantageous for Pyongyang to accept four-party talks."

Japan: Further on Planned ROK Visit by SDP Delegation

OW2906042396 Tokyo YOMIURI SHIMBUN
in Japanese 28 Jun 96 Morning Edition p 5

[FBIS Translated Text] The Social Democratic Party [SDP] decided at the regular meeting of senior party members on 27 June to send delegations led by Secretary General Kanju Sato to China and the ROK 8-16 July on condition that "the SDP will continuously promote exchanges with the Workers' Party of Korea [WPK] in the DPRK." Sato's visit to Seoul is scheduled for 13 July, following his visit to Beijing, with the object of "exchanging views with concerned ROK government officials and national assembly members on the current situation on the Korean peninsula." It will be the first visit since former SDP Chairman Sadao Yamahana visited there in September 1993.

Meanwhile, at the meeting, Vice Chairman Koken Nosaka and other members insisted that "if the SDP sends a delegation to the ROK, then it should either invite the WPK delegation at an early time or send senior SDP members to the DPRK."

The SDP has already invited a WPK delegation once. However, since government officials and senior members of the Liberal Democratic Party and New Party Sakigake maintained their stance on rejecting talks with the delegation, the WPK unilaterally canceled its visit scheduled in late May. However, once Japan decided to provide food aid, the WPK made a sudden change in its policy and sounded out a visit to Japan. This move offended SDP members.

However, "the SDP has had the strongest ties with the WPK since the period of the Social Democratic Party of Japan, former SDP" (as stated by a senior member), and thus there is a strong desire within the party "to play a positive role in settling North Korean issues, including the issue of resuming the talks on normalization of diplomatic ties" (as stated by another senior member).

In such a situation, on 19 June the SDP again received a written message from Vice Director Yi Chong-hyok of the departments under the Central Committee of the WPK, requesting his visit to Japan. With this as a start, the SDP's move to improve the relations with the WPK has been developed in efforts to pursue unique diplomacy. After the regular meeting held on 27 June, Nosaka, who is a chairman of the SDP Committee on Japan-DPRK ties, told Sato that "the SDP should invite a WPK delegation as early as next week."

Regarding the invitation, the issue was consequently left to party head Tomiichi Murayama and Sato, maintaining the party's plan "to continuously conduct a cautious study." However, the SDP's complicated stance on discovering a way to highlight its own colors in diplomacy has now surfaced.

**Japan: Socialist International Denounces PRC
Nuke Testing, Burma**

OW2906110396 Tokyo KYODO in English
0908 GMT 29 Jun 96

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The Socialist International closed a two-day regional meeting Saturday [29 June] after adopting a resolution denouncing China's nuclear tests and military rule in Myanmar [Burma].

Keiko Chiba, vice chairwoman of the Social Democratic Party (SDP), told a postconference news session she will deliver the resolution to Chinese leaders during her scheduled trip to Beijing in July.

The resolution urged countries and international organizations around the world to refrain from resuming aid to Myanmar until the military government reopens political dialogue with democratic movement leader Aung San Suu Kyi.

It strongly denounced the country's military regime for enforcing a draconian law denying fundamental human rights and called for the release of all political prisoners.

A general resolution adopted at the conference called on North Korea to agree to negotiations with the United States, China and South Korea for peace on the Korean peninsula.

It also called for nuclear powers to sign a comprehensive nuclear test ban treaty.

Political parties from 13 nations, including Myanmar, were represented at the conference, the Asia-Pacific Committee of the Socialist International.

**Japan: Keidanren's Toyoda To Visit African
Refugee Camps Aug 3-10**

OW3006090696 Tokyo KYODO in English
0843 GMT 30 Jun 96

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), will visit refugee camps in Africa in early August, Keidanren officials said Sunday [30 June].

Toyoda said he wants to take a first-hand look at the actual state of African refugees, the officials said.

Accompanied by several secretaries, Toyoda will leave for Nairobi in Kenya on Aug. 3, the officials said. He will then go to camps in Rwanda and Somalia, before returning home Aug. 10.

Toyoda will be the first head of a major Japanese business organization to visit refugee camps in sub-Saharan areas.

Japan's four major business bodies, including Keidanren, have collected 2.2 billion yen in donations from member companies since 1991 to support relief activities for refugees headed by U.N. High Commissioner for Refugees Sadako Ogata.

The scheduled visit to the African camps is in response to a request by Ogata, the officials said.

**Japan: Hashimoto Announces German Chancellor's
Visit in Fall**

OW3006120396 Tokyo KYODO in English
1142 GMT 30 Jun 96

[FBIS Transcribed Text] Lyons, France, June 30 KYODO — Japanese Prime Minister Ryutaro Hashimoto said Sunday [30 June] that German Chancellor Helmut Kohl will visit Tokyo this fall for the first time in three years.

Kohl last visited Japan in 1993 when he attended a Group of Seven summit in Tokyo.

Both he and Hashimoto were in Lyons to attend an annual meeting of leaders from the seven economic powers — Britain, Canada, France, Germany, Italy, Japan and the United States — plus Russia.

Japan: LDP's Yamasaki Leaves for Indonesia

OW0107034196 Tokyo KYODO in English
0302 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — The chairman of the Policy Affairs Research Council of the Liberal Democratic Party (LDP), Taku Yamasaki, left Monday [1 July] morning for Indonesia for talks with President Suharto on Jakarta's national car project and Japan's Official Development Assistance.

Yamasaki left on a four-day visit as head of the Japanese-Indonesian parliamentarians' group, officials said, adding he will meet Suharto on Tuesday.

Japan: Foreign Reserves Increase; Tops in World

OW0107143496 Hong Kong AFP in English
0941 GMT 1 Jul 96

[FBIS Transcribed Text] TOKYO, July 1 (AFP) — Japan's foreign reserves, presumed to be the biggest

held by a single country, rose \$1.82 billion in June to a new record high of \$210.20 billion, the Finance Ministry said Monday.

It represented the 32nd straight month-to-month increase in foreign reserves, comprising convertible foreign currencies, gold and International Monetary Fund special drawing rights, the ministry said.

The margin of growth in June was relatively small as the Japanese monetary authorities did not have to step in the foreign exchange market with dollar buying to prop up the US unit against the yen, officials said.

Japan is presumed to be the world's biggest holder of foreign reserves when comparisons are made on the latest available data, the ministry said.

At the end of April, its foreign reserves totalled \$205.7 billion with Germany in a distant second spot with \$90.8 billion. The United States was third with \$85.9 billion, the ministry said.

Japan: EPA Official Briefing on Economy

OW3006112396 (Internet) Japanese Ministry of Foreign Affairs WWW in English 26 Jun 96

[Background briefing by unidentified official of the Economic Planning Agency at Japanese Press Briefing Tent Palais des Congres in Lyons on 26 June: "Vision for Japan's Economy"; from the "What's New" link]

[FBIS Transcribed Text] [Major Topics] I. Introduction of speaker and briefing status II. Recent situation of the Japanese economy III. Economic policy IV. Possibility of maintaining current interest rates in Japan V. Possibility of a need for an additional supplementary budget VI. Announcement of interview availability of the Spokesmen for the Japanese Delegation to the G-7 Summit in Lyons

I. Introduction of Speaker and Briefing Status

Moderator: Good afternoon, ladies and gentlemen. Welcome to this background briefing by the Japanese delegation on "A Vision for Japan's Economy." Before we begin, I would just like to remind you of the ground rules for this briefing. Today's speaker will be from the Economic Planning Agency. As this is a background briefing, you may not quote him by name or title. You may cite the source only as "an official of the Economic Planning Agency." The briefer will begin with a brief statement, with consecutive interpretation in English. Following this statement, the briefer will open the floor to questions. If you have a question, please raise your hand and wait to be recognized by the briefer. Once you are called on, please proceed to the microphone. Please state your name and affiliation before proceed-

ing with your question. Thank you very much, ladies and gentlemen.

II. Recent Situation of the Japanese Economy

Speaker: Ladies and gentlemen, allow me to provide a brief explanation with regard to the recent situation of the Japanese economy. The Japanese economy has been on the course of gradual recovery since the end of 1993, while it stalled momentarily last year. Its recovery is affirmed now, with some acceleration in its economic growth rate. Figure 1 in the set of materials which has been distributed shows trends in real GDP growth. In the October-December quarter of 1995, the growth rate was 1.2 percent over the previous quarter, and in the January-March quarter of 1996, the growth rate was 3 percent. The first quarter 1996 growth may have been affected by some one-time elements, like the leap-year effect. However, we can see the effects of the largest-ever economic stimulus package, amounting to 14 trillion yen, adopted in September 1995, as well as the extremely low 0.5 percent official discount rate. So, we have seen these important policy effects. There has been a significant contribution made by public demand, as well as by the housing starts which have been stimulated by extremely low interest rates. Now, apart from that, we have also seen contribution made by steady increases in personal consumption as well as capital investment, and therefore, we can now expect a shift due to growth due to policy effects toward a more self-sustained recovery built on private demand. We believe that the Government's estimate for this fiscal year of 2.5 percent growth is attainable. Having said that, there certainly do exist some worrisome elements, such as a very difficult employment situation. So, we shall have to continue to watch economic developments very carefully. But at the same time, we believe that we shall in fact try to lead the Japanese economy onto the path of medium- and longer-term sustained development by addressing structural reforms. I should like to draw your attention now to Figure 2 and onwards, to look at recent developments in private demand, and more specifically, private consumption. As Figure 2 indicates, while retail sales were in the negative compared to the previous year, 1995, the growth has turned to a positive in 1996. Figure 3 shows capital investment by businesses, and you can see that, as far as major businesses are concerned, in the manufacturing sector in FY1996, their capital investment plans will increase by 6.7 percent, following similar growth in the previous year. In the non-manufacturing sector, it will revert to a 5.7 percent growth, following declines for four years in a row. The background to such increases in capital investment is the improving or recovering business earnings, as well as the improving of business confidence — business

sentiment. As the bottom half of Figure 3 shows, this trend has been effected by policy effects as well as a correction in the strong yen. As indicated on Figure 4, as far as housing construction is concerned, due to declining interest rates, housing construction has started to recover in the latter half of 1995. Let me now turn to Japan's trade and international balance of payments. As it was clear in Figure 1, external demand, or net exports, were a negative contributor to Japan's growth. That was due specifically to yen appreciation as well as its subsequent structural change. As Figure 5 shows, export volume has remained flat, whereas import volume has been increasing rather rapidly since 1993, which is due to a significant increase in manufactured imports due to yen appreciation as well as deregulation. As a result, manufactured imports as a percentage of total imports, which stood at about 30 percent in the past, reached close to 60 percent last year. As a result, as Figure 6 indicates, Japan's current account surplus has decreased very rapidly to 9.5 trillion yen in FY1995, or 1.9 percent of nominal gross domestic product. This trend of declining current account surplus likely will continue, even if at a slower pace. Figure 7 shows price developments, and as you can see, in addition to declining domestic wholesale prices, more recently, consumer prices have also declined. Now, within this relatively improving Japanese economy, one area which still remains very tough is the employment situation. As Figure 8 indicates, Japan's unemployment rate in FY1995 hit the worst level ever of 3.2 percent, and even in recent months, we have seen the high level of 3.4 percent. Businesses still feel they have too many employees on payroll, and as we also expect, women who had given up the hope of working and gone back to their households may return to the labor market and, therefore, as a trend, it is difficult for the unemployment rate to decline.

III. Economic Policy

Speaker: If I may discuss policy, as I stated earlier on, the major task for the Japanese economy in the immediate days ahead is to shift the Japanese economy from recovery built on policy effects to a medium- and longer-term self-sustained development based on private demand. This policy objective of putting the Japanese economy on a self-sustained growth path built on private demand without depending on central government budget is necessitated by the budgetary situation as well. As Figure 9 shows, the debt outstanding of the central government, although it declined somewhat in the past, has been increasing again due to several packages of economic stimulus adopted in the recent several years, so much so that debt outstanding as a percentage of nominal GDP has today reached 48 percent. From the vantage

point of putting the Japanese economy on a course towards economic recovery built on private demand, and to lead that into a medium- and longer-term sustained development, it is necessary as a policy agenda for the time being to address structural reform, such as further deregulation and the creation of new industries. I would like to stop here with my initial briefing and would like to entertain any questions you might have.

IV. Possibility of Maintaining Current Interest Rates in Japan

Q: You mentioned the record low discount rate of 0.5 percent. Clearly this is not a decision which is in the hands of your department. On the face of the figures you have shown us and of the picture you have painted of the Japanese economy, it sounds as if we can count on having those very low interest rates to continue for some time, and if not, how long?

A: As you rightly pointed out, interest rate policy is a matter for the Bank of Japan to decide, and therefore I am not in a position to comment on it. To the extent I am aware of the remarks made by the Governor of the Bank of Japan recently, I am given to understand that the Bank of Japan does not intend to change the stance they have maintained to date.

V. Possibility of a Need for an Additional Supplementary Budget

Q: There has been some concern that in the second half of this year, that as the effects of the fiscal stimulus fade, it may be difficult for there to be a switch to a private-demand-led recovery. Do you think there is going to be a need for one more supplementary budget to ensure that there is a smooth transition?

A: It goes without saying that what is fundamentally necessary is to watch very carefully the economic developments from here on, and consider what policy would be necessary to address those economic developments. As I explained earlier, as we look at that demand growth for the first quarter this year, as well as capital investment plans by businesses, we feel that there is now a greater probability than it was believed several months ago that the growth will switch from a policy-effect-led growth to a private-demand-led one.

Q: Are you indicating, then, that maybe there will not be a need for a supplementary budget later this year?

A: There are supplementary budgets of different natures, and therefore we cannot really discuss that matter in a simple manner. But, as I indicated, I believe the economic situation today is somewhat different than it was described several months ago. I might also add that, as a basic philosophy, we also have to bear in

mind that we need to address economic restructuring more actively for this same purpose — that is, to put the Japanese economy on a private-demand-led growth path.

VI. Announcement of Interview Availability of the Spokesmen for the Japanese Delegation to the G-7 Summit in Lyons

Moderator: Are there any more questions? Thank you very much. The conference is now concluded; however, I would like to make some announcements. The Japanese delegation has set up the Japanese Press Liaison Office. We also have two spokesmen — Spokesman for the Japanese Delegation to the G-7 Summit in Lyons, Mr. Hiroshi Hashimoto, for the English-speaking press, and Spokesman for the French-speaking press, Mr. Kaoru Ishikawa. So, if you wish to interview either gentleman, please contact us at the Japanese Press Liaison Office at 7259-8248. Thank you very much.

Japan: EPA Official Terms First Quarter GDP Figures 'Overvalued'

OW0107100396 Tokyo KYODO in English
0928 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Japan's real gross domestic product (GDP) growth rate figures for the first quarter of this year are overvalued, an official of the Economic Planning Agency (EPA) said Monday.

The GDP growth rate was reported at 3.0 percent on a quarter-to-quarter basis, but "special" factors are believed to have pushed the rate up 2.0 percentage points more than the "actual" growth, said Takashi Nakanomyo, director general for research at the agency.

Nakanomyo made the remark in a meeting held at a Tokyo hotel among EPA Director General Shusei Tanaka, other agency officials and Jiro Ushio, chairman of the Japan Association of Corporate Executives (KEIZAI Doyukai), who was accompanied by his aides.

The EPA official said, "we need to keep a careful watch on whether demand from the private sector will replace public demand as the locomotive of the economic recovery."

Meanwhile, Ushio said the Japanese economy needs to change from a prosperity-oriented policy for one country to a cooperative, prosperity-seeking policy. He urged the government to promote globalization and structural reforms.

EPA Chief Tanaka said medium- and long-term sustainable economic growth will require structural reforms.

Cabinet ministers concerned with structural reforms plan to present a draft reform plan in five areas such as information and communications, and employment after concentrated discussions to be held shortly, Tanaka said.

Japan: MOF To Weigh Public Opinion on Extra Budget Compilation

OW0107111596 Tokyo KYODO in English
1057 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Finance Minister Wataru Kubo said Monday [1 July] his ministry will decide on whether to draft a supplementary budget for economic stimulus by taking into account public opinion and economic growth for the next quarter.

Kubo said U.S. Treasury Secretary Robert Rubin asked Japan to take fiscal and monetary measures to sustain growth during their meeting prior to the just-concluded Lyons summit of the Group of Seven industrialized nations.

He said the ministry will consider measures to reconcile the reconstruction of deficit-strapped state finances with economic growth measures.

Japan: Hashimoto Suggests 'Extraordinary' Diet Session for Oct

OW3006105296 Tokyo KYODO in English
1034 GMT 30 Jun 96

[FBIS Transcribed Text] Lyons, France, June 30 KYODO — Japanese Prime Minister Ryutaro Hashimoto on Sunday [30 June] alluded to the possibility of an extraordinary Diet session being called in October and reiterated he has no plans to dissolve the House of Representatives to call an election.

"Speaking practically, it won't be held in either September or November," Hashimoto told a group of Japanese reporters traveling with him on his trip to Lyons for the annual Group of Seven summit that ended Saturday.

Hashimoto said he has no plans to call an election for the lower house and voiced determination to deal with pending issues such as how to bring the Japanese economy onto a solid recovery track.

The next general election is not mandated until mid-1997.

He also denied the possibility of a cabinet reshuffle and an overhaul of his Liberal Democratic Party's top executives, including Secretary General Koichi Kato who faces allegations that he took a suspicious donation from one of the major debtors of the seven failed

mortgage firms which are subject to a controversial government liquidation scheme.

"There is no cabinet member who must be replaced and he (Kato) is a good secretary general. In the past, many governments weakened after personnel reshuffles," Hashimoto said.

Japan: Bureaucrats React to Aborted MOF Breakup Bid

OW3006025496 Tokyo SHUKAN DAIYAMONDO
in Japanese, 29 Jun 96 pp 128-129

[Article by Tadahide Ikuta from the "Deep Structure of Kasumigaseki": "Financial Reform Ended in Complete Victory for MOF; Yet MOF Still Not Done With Its 'Greatest Crisis'"]

[FBIS Translated Text] On 13 June the ruling coalition parties' project team on reforming the Ministry of Finance (MOF) (chaired by Shigeru Ito, chairman of the Social Democratic Party (SDP) Policy Board) formally decided on reform proposals for financial administration.

An outcry for the MOF's breakup came out in Nagatacho late last year in light of the jusen liquidation issue. The central government offices in Kasumigaseki had paid utmost attention to concrete proposals to be presented, and to the activities of the project team in general.

However, the result was unexpectedly "indecisive."

The main points of the project team's reform proposals are: 1) revision of the Bank of Japan (BOJ) Law; 2) organizational reform of the MOF, including the consolidation and reorganization of five finance-related MOF bureaus and departments, including the Banking and Securities Bureaus; 3) unification of the supervision system for all banking institutions, to include institutions run by the agricultural cooperatives; and 4) amendments to the BOJ Law, the MOF Establishment Act and other related legislations to be presented to the next regular Diet session.

These are more or less similar to the direction discussed at the "Project Team To Discuss a New Concept of Financial Administration" (chaired by Vice Minister of Finance Tadashi Ogawa) created within the MOF.

The idea of "separating financial administration from the MOF" that came out in the ruling parties has completely disappeared. Moreover, the issue of "separating the banking inspection units" is only mentioned in the ruling parties' reform proposals as a "topic for further discussion."

On the contrary, by including the "unification of the supervision system for all banking institutions, to include institutions run by the agricultural cooperatives" in the proposals, the MOF now has a "basis" to claim unified MOF control over banking institutions, which are, at present, dispersed under the Ministries of Agriculture, Forestry and Fisheries (MAFF), International Trade and Industry (MITI), and Posts and Telecommunications (MPT).

This can certainly be seen as a complete victory for the MOF.

What do the bureaucrats in Kasumigaseki think of this?

A middle-ranking MITI official says: "This means that the MOF's desperate behind-the-scenes lobbying was finally able to repulse the 'political current.'"

"However, I am not sure whether the issues will be resolved in the direction given by the ruling parties' project team. There are still hardliners in New Party Sakigake and the Liberal Democratic Party (LDP). The politicians may launch another offensive."

A leading MAFF official is of the same opinion.

"If that is the way things will be, this means that the MOF will have, ironically, benefited from the disaster. Then, there might be renewed criticisms against the MOF."

"I was told that a conclusion cannot be easily reached in the debate on whether the banking inspection units should become independent from the MOF."

On the other hand, a middle-ranking official of the Ministry of Health and Welfare says: "What else can you expect from the MOF?" He gives the following analysis:

"It was fortunate for the MOF that the vanguard for 'MOF reform,' LDP Secretary General Koichi Kato, was bogged down with the political donation scandal."

"However, above all, the important thing was the MOF was able to persuade Prime Minister Ryutaro Hashimoto. Mr. Hashimoto, like former Prime Minister Noboru Takeshita, is a politician who understands the 'bureaucrats' thinking." He was persuaded by the MOF's sincere efforts.

"I think the MOF will continue to consolidate its forces from now on. It will certainly strengthen its efforts to please the politicians on the one hand, and tighten control on the other, through the budget formulation process starting in August."

"With an election approaching, politicians are in a state of anxiety. They will not be able to pursue the offensive on the MOF any further."

Thus, the reactions of the bureaucrats are mixed.

Their reaction depends on how they look at the power balance between the politicians and the MOF. The difference in their reaction comes from whether they see the outcry for "MOF breakup" in Nagata-cho has subsided due to the MOF's "fire fighting" efforts.

"MOF Reforms" That Will Only Further Benefit the MOF; Danger of Accumulated Problems Remain

The day after the ruling parties' project team presented its reform proposals, on 14 June, the following complaints came out in the LDP executives' liaison meeting:

"The MOF's corruption is evident from the jusen issue and its top officials' scandals. Something has to be done quickly. The reform proposals are too weak-kneed." (Deputy Secretary General Hiromu Nonaka)

"More decisive proposals should have been formulated at the political authorities' initiative." (Shizuka Kamei, chairman of the Organization and Public Relations Headquarters)

To this, Secretary General Kato explained: "MOF reform should not end simply with the reform of the financial system. The reform of the Budget Bureau, and personnel control will be dealt with vigorously by this autumn."

However, this author thinks that the climax of the present round of MOF reform is over.

As the saying goes: "Strike while the iron is hot." The only thing that came out of the grand chorus calling for the "MOF breakup" is the above-mentioned reform proposals by the ruling parties' project team. It is not conceivable that the political authorities, which have missed an golden opportunity, will be able to stage a comeback amid the rapid tone down of support for the "MOF breakup" in Nagata-cho.

In that sense, the MOF is now heaving a sigh of relief.

On the other hand, bureaucrats from other ministries are again wary of the MOF.

"The MOF was able to survive even such an outcry. Just recently, MOF bureaucrats were distraught and were taking a somewhat 'humble attitude' toward the other ministries. I think they will regain confidence.

"In that event, what will happen to the MAFF, the MPT and other offices which supported criticism against the MOF?" (a senior official at an economic ministry)

"In the past six months, the MOF almost stopped functioning. However, the budget formulation process

will soon begin. It will most probably work aggressively to 'regain lost ground' from other ministries. I also heard that the MOF's bullying of the BOJ is terrible..." (another senior official of an economic ministry).

However, based on what you hear from the MOF bureaucrats and retired MOF officials, it seems that the MOF has not gotten over its state of confusion.

One retired MOF official said grimly: "We are still not over with the 'greatest crisis.'"

"More than anything else, the 'bureaucrats' pride' was hurt by the series of scandals."

"Bureaucrats, particularly MOF bureaucrats, live for their 'pride.'"

"In the past, when they went to the politicians, the MOF bureaucrats were 'special.' Recently, this is no longer true. Because people like Nakajima and Taya did something stupid, now, the politicians know our weaknesses."

"It will take considerable time for the MOF to recover."

An incumbent middle-ranking MOF official also said:

"The atmosphere in the ministry is still gloomy. You feel like the sun never shines. I think the restriction on entertainment has had a serious effect."

"Moreover, the loosened controls in the ministry have not been restored."

"The Budget Bureau was criticized for holding too much power. But then, which section should be the center of ministry operations? None but the Budget Bureau. The Budget Bureau's control has been loosened and nothing has been done about this."

Furthermore, although the MOF was able to push back "reforms" by the project team of the ruling parties, the MOF is still facing several difficult problems other than the organizational one.

Top on this list are criticisms against amakudari [the practice of senior government officials taking up lucrative posts in semi-government or private organizations after retirement], and the assignment of senior MOF officials to other ministries.

For instance, in the appointments for senior officials of the Economic Planning Agency [EPA], the MOF had to agree to retaining Kazuhiko Takeshima, formerly from the MOF, as the director of the EPA chief's secretariat. It is said that EPA Secretary General Shusei Tanaka opposed accepting a new MOF official in the secretariat.

With regard to post-retirement positions, in the future it will not be as easy to secure amakudari posts in organizations like the banking institutions.

This undoubtedly affects the MOF bureaucrats's morale. Although the MOF has succeeded in retaining strong powers, it will still need substantial time to rehabilitate its officials's spirits.

Japan: Lawmaker Decides Not To Run on Advice of Hashimoto

OW2806134696 Tokyo KYODO in English
1328 GMT 28 Jun 96

[FBIS Transcribed Text] Okayama, Japan, June 28 KY-ODO — Toranosuke Katayama, a member of the House of Councillors, said Friday [28 June] he has dropped plans to run for governor of Okayama prefecture this fall, acting on advice from Prime Minister Ryutaro Hashimoto.

Katayama, 60, of the Liberal Democratic Party (LDP), told local LDP members that he has decided to stay in national politics instead.

"It is not my intention" to cause trouble within the party and undermine the Hashimoto government, he told reporters. Hashimoto's constituency is in Okayama in western Japan.

Katayama, head of the LDP's Okayama prefectural chapter, won reelection as an upper house member last summer.

Mongolia

Mongolia: Striking Workers Force Government To Reverse Privatization

OW2906111496 Hong Kong AFP in English
1031 GMT 29 Jun 96

[By Lorian Holland]

[FBIS Transcribed Text] Ulaanbaator, June 29 (AFP) — Jubilant workers at Mongolia's only department store hailed their victory against privatisation Saturday [29 June], but after striking for 24 days they had no money to celebrate their win.

"We won, we are ecstatic," said Mounquntsetseg, a shop assistant from the candy section who spent all night dancing and crying in front of the downtown store, which will revert to state control on Monday.

"We've no money because we've been on strike for a month, but I would be out eating and drinking now if I had any to spare," she added.

Ulaanbaator's privatisation committee sold Mongolia's State Department Store to the Tushig Co. — headed by

a former store director — for 1.8 billion togrogs (3.4 million dollars) in January.

But allegations of serious corruption surfaced immediately and 90 percent of the store's 460 staff walked out on June 5 after the central government ruled that Tushig would remain in control.

Five demonstrators launched a hunger strike on June 14 while other disgruntled workers collected 23,000 signatures on an anti-privatisation petition after the State Privatisation Committee (SPC) failed to take action.

"We unearthed the corruption, we stopped this illegal privatisation," shouted Oreyontchimeg from the women's underwear section.

"I wish I had the money to get my hair done in time for work on Monday," she laughed.

Around 300 strikers rushed to the steps of the five-floor store on Friday evening after state television broadcast a statement from Tushig saying the company was unable to pay a higher purchase price of 3.4 billion togrogs, which the SPC eventually demanded on Thursday.

The strikers celebrated all night, until nine city officials arrived Saturday morning to announce that the store had reverted to state control, after six troubled months as a private enterprise.

"We have had the parliament pitted against the government for weeks and serious allegations of corruption flying around because of this case," said Ochbadrakh, deputy chairman of the SPC.

"So the committee discussed it again on Thursday and decided to increase the price to 3.4 billion togrogs as the original purchase price and conditions were not fair," he added.

Although many strikers agreed that privatisation in principle could be a good thing, a vocal group was adamant that the store should remain in state control.

"State property is the people's property and it should stay like that," said Sharavdorj from household goods.

"Sales in the main hall were 16 million togrogs a day before the privatisation and six million togrogs afterwards because Tushig didn't organise things properly and there was no stock," he said.

For many Mongolians, privatisation remains a dirty word and is equated with economic decline and rising unemployment.

Although Mongolia moved fast towards privatising its state assets when Soviet aid — which made up 30 percent of its gross national product — dried up in 1990, the nation still went into a steep economic decline.

Ownership coupons distributed to state workers did little to offset worsening living conditions and many wished for a return to the previous status quo as a communist satellite of the Soviet Union.

"Since 1990, we have had hundreds of protests and strikes and letters of complaint," said Ochbadrakh, deputy chairman of the SPC.

"But 60 percent of our gross domestic product is now in the private sector and the economy is looking up."

Mongolia: Parliamentary Elections Begin

LD3006091396 Moscow ITAR-TASS World Service in Russian 0536 GMT 30 Jun 96

[By ITAR-TASS correspondent Kim Boldokhonov]

[FBIS Translated Text] Ulaanbaatar, 30 Jun — Elections to the Great State Hural (parliament) are under way in Mongolia today. A total of 303 candidates representing five parties, two political coalitions, and independents are contesting 76 parliamentary seats. A total of 1.135 million voters have been included on the voting lists.

"These elections clearly show that the principles of democracy are becoming firmly established in our society", Mongolian President Punsalmaagiyn Ochirbat told journalists at one of the polling stations in the capital.

A total of 46 members of parliament from 11 countries, including Russia, are observing the elections.

Mongolia: Opposition Claims Election Victory; Committee Head Cited

OW0107083496 Beijing XINHUA in English 0821 GMT 1 Jul 96

[FBIS Transcribed Text] Ulan Bator, July 1 (XINHUA) — Mongolia's opposition Democratic Union Coalition has obtained 48 of the 76 seats in today's elections for the Great Hural (parliament), toppling the ruling Mongolian Revolutionary People's Party.

The former communist Mongolian Revolutionary People's Party, which has been in power for more than 70 years, collected 23 seats. Lhagvasuren, head of the election committee, told reporters.

He added that they are still waiting for the results of the remaining five constituencies.

Within the coalition, the National Democratic Party (NDP) won 33 seats, followed by the Social Development Party (SDP) with 12, and independent candidates three.

The NDP and the SDP are the two major opposition and democratic parties in the country.

Analysts attributed the opposition coalition's landslide victory to its full and comprehensive preparation before the elections.

The policy mistakes made by the ruling party recently, especially its failure to check the increasing inflation, also contributed to the opposition's victory.

Mongolia: Electoral Committee Tentatively Confirms DU Win in Election

LD0107112396 Moscow ITAR-TASS in English 1013 GMT 1 Jul 96

[By Kim Boldokhonov]

[FBIS Transcribed Text] Ulaanbaatar, July 1 (Itar-Tass) — The Democratic Union (DU) coalition has won Sunday's (30 June) elections to the State Great Hural (parliament) of Mongolia by gaining 48 seats out of 76, according to the official preliminary results made public by Sodnomyn Lhagvasuren, Chairman of the Chief Electoral Committee, at a press conference on Monday.

The DU comprises four parties, among which the leading role belongs to the National Democratic and Social-Democratic parties.

In the previous composition of parliament, the young Democratic parties were represented by only five deputies while the Mongolian People's Revolutionary Party (MPRP), which has been in power since 1921, had an absolute majority with 70 seats as against only 23 this time.

The Democrats scored a particularly impressive success in the capital, where they emerged victorious in 17 electoral districts out of 20. All the 6 Democratic candidates won in Darkhan and Erdenet, the two largest cities after the capital, as well as in a number of aimags (provinces). All the leaders of the DU have become members of parliament.

As far as MPRP and government leaders are concerned, a setback has been suffered by MPRP General Secretary Dash-Yendon, MPRP Secretary Enkhmandakh, Vice-Premiers Purebdorj and Enebish. Prime Minister Jasray, Hural Speaker Bagabandi and Deputy Speaker Gombojav have retained their seats in parliament.

According to preliminary results, the polling involved 984,675 people, or 87.38 per cent of registered voters.

Under the Constitution, the DU gains the right to form a new government.

Commenting on the election results, analysts agree on the following main conclusions. They believe that the Democrats' success is in the fact that they launched a

vigorous election campaign which went off at a good organisational level. Young intellectually developed politicians were followed by young people, who account for a half of Mongolia's population.

The main reason why the ruling party has been defeated is that the government formed by it failed to ensure a rise in the people's living standards over the four years of its stay in office. Moreover, a considerable proportion of the population grew poor.

The final results of the elections to the Hural are to be summed up within the next five days and the Chief Electoral Committee is to present them to the President within a week.

North Korea

DPRK: U.S. 'Rumor' of Living POW's Threatens MIA Excavations

SK2906090496 *Pyongyang KCNA in English*
0859 GMT 29 Jun 96

["U.S. Urged Not To Spread False Rumour" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — A false rumour about American prisoners of war who were missing during the last Korean war is rife in the United States.

Voice of America quoted an AP News report on a classified report of the U.S. Defense Department as saying "there are some ten Americans staying alive in North Korea after being taken prisoner during the Korean war."

This is an expression of their political ignorance of historical facts and present realities.

It is universally known that we returned all prisoners of war in some sixty days after the signing of the Korean Armistice Agreement and later sent even those who refused repatriation to their country through the neutral nations repatriation committee in accordance with the agreement on POWs and international convention.

We have clearly notified the U.S. side through various channels that there is no American prisoner of war staying alive in the DPRK.

The false rumour about "surviving American soldiers" spread by some dishonest forces of the United States only serves to demonstrate their own political and moral stupidity.

The false rumour coincided with DPRK-U.S. talks recently held in Pyongyang and an agreement adopted at the talks over excavation of remains of U.S. soldiers

who were killed in the DPRK areas during the war. This has seriously got on our nerves.

As a matter of fact, the Korean people would not like the excavation of U.S. remains because they suffered indescribable losses of human lives and material during the three years of U.S.-imposed war.

However, we agreed to joint excavation of U.S. remains, proceeding from a humanitarian spirit and taking into account the U.S. position as the U.S. side earnestly requested it.

Needless to say, the U.S. side should have appreciated our magnanimous good-will measure. But, it takes it for granted and raises another problem — "surviving U.S. soldiers."

If the U.S. side goes against confidence-building with the DPRK, counting on the fake story of some forces who seek a sinister political purpose, the joint excavation of U.S. remains will be exposed to danger.

DPRK: U.S. Conducts 120 'Espionage Flights' Against DPRK in Jun

SK3006065996 *Pyongyang KCNA in English*
0654 GMT 30 Jun 96

["U.S. Makes 120 Espionage Flights in June" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The U.S. imperialists have made more than 120 flights for espionage on the north of Korea in June, military sources said.

Involved in espionage mission were South Korea-deployed strategic and tactical reconnaissance planes, AWACs, patrol planes and electronic-warfare helicopters.

On the 27th, a U-2 high-altitude strategic reconnaissance plane made a shuttle flight from Tokjok Islet in the West Sea [Yellow Sea] of Korea to Yangyang in the East Sea [Sea of Japan] along the Military Demarcation Line for the purpose of taking pictures of strategic targets in the inland of the North.

Such flights totalled 33 from the beginning of the month.

An E-3 early warning aircraft flew above Chunchon and Wonju on the 20th and 21st and a P-3 patrol plane streaked above Tokjok Islet in the West Sea and above the East Sea off Samchok on the 25th to spy on the operation theaters and above and under waters of the North.

The escalating aerial espionage by the U.S. imperialists indicates that they are watching for a chance to start a war against the north of Korea.

DPRK: Radio Denounces U.S., ROK Arms Buildup, Exercises

SK0107063696 *Pyongyang Korean Central Broadcasting Network in Korean*
0755 GMT 30 Jun 96

[Unattributed talk: "Frantic War Commotions Aimed at Northward Invasion"]

[FBIS Translated Text] Today the U.S. bellicose quarters [migukui hojon kaechung] and the South Korean puppets are staging frantic war commotions in a more reckless stage.

The Kim Yong-sam bellicose group has, above all, increased the frequency of provocative playing with fire of war [tobalchogin chonjaeng puljangnanui tosurul] against us.

During the past few days, the puppets frantically staged various types of northward aggressive war exercises, including field tactical training, comprehensive field training, joint sea-land-air training, and comprehensive testing training, by mobilizing the puppet army units.

Prior to this, the puppets staged surprise landing attack training at the front line on the west coast for two weeks, with emphasis on fostering the capability for a special surprise attack.

In addition, the Kim Yong-sam group perpetrated various forms of dangerous military provocations against us more viciously than ever before along the DMZ in the South side of the Military Demarcation Line [MDL], as well as in the air and on the sea along the MDL.

On 21 and 22 June, the U.S. warmongers [miguk hojongwangdurun], together with the puppets, brought an E-3 aerial commanding plane [as heard] and an EAE-6 electronic jamming plane into South Korea from their overseas bases, and staged adventurous joint air war exercises in collaboration with the puppets. These exercises are aimed at a night-time preemptive attack on major targets in the depth of the northern half of the Republic.

Thus, they kicked off commotions on playing with fire one after another day and night by making the skies above Tongduchon, Kapyong and Uijongbu the operational stage. Mobilized in commotions were more than 770 fighter-bombers, assault planes and pursuit attack planes that belong to the U.S. Pacific Fleet, the imperialist U.S. 7th Air Force and the puppet Air Force.

The warmongers openly raved that their war exercises were aimed at fostering action-centered conditioned reflex-oriented combat execution capabilities under an offensive operational concept [kongsechok chakchon kaenyomhae haengdong wijuui chokon pansachok

chontu suhaeng nungryok], as well as special surprise attack capabilities, and at providing a system of converting them to basic missions in times of emergency.

This clearly proves that military exercises they are staging are, all in all, playing with fire of a northward war of aggression with the thoroughgoing purpose of mastering and completing combat action methods aimed at launching a preemptive surprise attack on the northern half of the Republic according to their existing northward offensive operational plan.

In addition to the northward aggressive war exercises, the warmongers are frenziedly running amok with arms buildup for northward invasion.

The South Korean puppets have recently officially asked the United States to sell weapons and equipment worth as much as \$200 million, including missiles to be installed on destroyers.

It is a fact already known to the public that early this year the puppets introduced the P3-C aircraft and an anti-submarine patrol plane with ultramodern equipment from the United States.

The puppets babbled that by completing the plan to introduce eight P3-C airplanes, their anti-submarine warfare capabilities have been promoted qualitatively. The puppets decided to organize a new fighter brigade of the puppet Air Force in the area of South Chongchung Province and are accelerating preparations for this on a full scale. They also decided to complete the plan to drastically reinforce their naval forces, including aircraft carriers and EZ-3 airplanes, ahead of schedule, and to implement the plan starting next year.

The warmongers are also accelerating the production of their weapons and equipment by themselves.

For example, they are fanatically running amok to join the Missile Technological Control Regime, which allows [hoyong hanun] the production, possession, and export of missiles.

It is no secret that the puppets are actively accelerating the development of nuclear weapons. In the meantime, U.S. military circles [migunbu kyeuchung] are not only continuously reinforcing the U.S. Forces in South Korea, they are also actively supporting the South Korean puppets' arms buildup maneuvers.

According to the plan to modernize U.S. Forces in South Korea, the United States some time ago brought to Pusan 30 AUH-64 Apache helicopters — ultramodern helicopters capable of loading air-to-ground missiles and heavy machine guns whose offensive power and mobility have been renovated.

The United States is going to deploy the helicopters in the U.S. Combat Aviation Brigade, which will be created in mid-July. Toward the end of 1995, the United States announced it would deploy an additional brigade-size group of U.S. Army troops. It is now attempting to introduce 40 ultramodern intercept missiles [misail yogyokong chomdan misail].

This is merely a small part of the U.S. troop reinforcement carried out in South Korea. On the pretext of a threat of southward invasion and the theory on the equilibrium of armed forces, U.S. warmongers are attempting to legalize their military domination of South Korea and their interference policy, and crush us by means of force based on military superiority.

We are keenly watching every movement of the bellicose forces, who are frantically running amok with the playing with fire of war and with troop reinforcement in order to militarily crush the northern half of the republic.

If the warmongers dash on the road of provoking a northward war of aggression at last, our people and People's Army will smash the rascals at a single stroke and cleanly eliminate the war forces from the Korean peninsula.

The U.S. bellicose quarters and South Korean puppets should give up the attempt for a northward war of aggression and immediately suspend war exercises and arms buildup maneuvers.

DPRK: U.S. 'Republican Conservatives' Urged Not To Block Heavy Oil Fund

SKD107085996 *Pyongyang KCNA in English*
0829 GMT 1 Jul 96

["U.S. Hardliners Must Think and Act Reasonably" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — U.S. Republican congressmen drastically cut the heavy oil supply fund the U.S. Administration suggested for the implementation of the DPRK-U.S. framework agreement for fiscal 1997, according to news reports.

Earlier, they had ratified a bill on reducing the heavy oil supply fund.

This shows the hardline conservatives of the Republican Party still obsessed with antagonism and confrontation with the DPRK do not like to see the implementation of the framework agreement.

The framework agreement is being implemented a bit smoothly, and some new progress is being made in DPRK-U.S. relations.

The Republicans describe the "supply of heavy oil" to the DPRK as "too much benefit" and "concession" from the United States. They are far from capable of judging the situation in accordance with reason.

The heavy oil the United States and the U.S.-led KEDO are supplying to the DPRK is no more than due compensation for the losses the DPRK is suffering from nuclear freeze.

If the heavy oil is not supplied in time as scheduled, we will be compelled to reconsider our nuclear freeze.

The Republican conservatives are advised not to slander others and behave imprudently for immediate interests but to think and act far-sightedly and reasonably in dealing with the DPRK-U.S. relations.

DPRK: WPK Sends Greetings to CPC on 75th Founding Anniversary

SK3006081996 *Pyongyang KCNA in English*
0820 GMT 30 Jun 96

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The Central Committee of the Workers' Party of Korea (WPK) today sent a message of greetings to the Central Committee of the Communist Party of China (CPC) on the occasion of its 75th anniversary.

The message said the CPC founding marked an important historic event which opened up a new era in the revolutionary struggle of the Chinese people. Since the foundation of the party, the Chinese communists and people have traversed a glorious path of the revolutionary struggle, rallied closely around the party, it said, and continued:

Today the fraternal Chinese people, united under the correct leadership of the party headed by Comrade Jiang Zemin, are striving to fulfill the Ninth Five-Year Plan of the national economy and social progress, which is of weighty importance in building socialism with Chinese characteristics, attain long-term objectives until the year 2010 and reunify the country on the principle of "one country, two systems".

The achievements made by the CPC have been greatly helpful toward the common cause of the world revolutionary people for independence, progress and socialism.

The WPK and the Korean people sincerely rejoice at the achievements of the CPC and the Chinese people in socialist construction and wholeheartedly wish them greater success in the future.

Noting that Korea-China friendship is a valuable one provided and developed by the leaders of the two countries and a traditional one which has grown stronger,

undergoing all manner of trials in history, the message expressed the belief that fraternal friendship and solidarity between the two parties and peoples will constantly be consolidated and developed.

DPRK: Daily Congratulates CPC on Anniversary

SK0107062996 *Pyongyang Korean Central Broadcasting Network in Korean 0110 GMT 1 Jul 96*

[NODONG SINMUN 1 July editorial: "Proud Path Traversed by the CPC"]

[FBIS Translated Text] Today marks the 75th anniversary of the founding of the CPC. On the occasion of this day, members of the Workers Party of Korea [WPK] and the Korean people are sending enthusiastic congratulations and comradely greetings to the fraternal members of the CPC and Chinese people.

The great leader Comrade Kim Il-song elucidated: The founding of the CPC was a great historic event that opened a new era in the Chinese people's long-range revolutionary struggle for national independence, the country's liberation, and socialism.

The CPC was founded on 1 July 1921. It was a reflection of the Chinese people's desire and intention, and was a natural consequence of the Chinese revolution.

At the time of the CPC's founding, the environment of China at home and abroad was complicated. Maneuvers were strengthened by the imperialists to invade China and make the Chinese people victims of exploitation, plunder, domination, and subordination.

On the other hand, domestic reactionary forces of all sorts who were in collusion with the imperialists ran amok recklessly to maintain and strengthen class supremacy. Where there is oppression there is resistance by all means, and the more the reactionary ruling bunch commit wrongdoings, the more vigorously the popular masses carry out the revolutionary struggle as resistance.

For a long period the Chinese people were left in the dark world of oppression and ignorance. Their class awareness was enhanced gradually, and thus there was a great upsurge in the anti-imperialist and antifeudal people's movement. The CPC was founded amid this kind of historic environment. This was a historic event that opened a new era opposing oppression and subordination, and a new era in the Chinese people's struggle for freedom, liberation, and socialism.

With the founding of the CPC, the Chinese working class and people were able to have a revolutionary vanguard unit, a representative of their class and national interest. With the founding of the CPC, the Chinese revolution entered a new developing stage. The path walked

by the CPC is a proud course in which it garnered endless advances and victory by overcoming repeated trials and difficulties. It was also a time of worthwhile struggle to build a new China that is independent, prosperous, and developing.

After its founding, the CPC embraced in its heart the duty of a militant general staff of the Chinese revolution, and it vigorously carried out the work to develop the Chinese people in a revolutionary way and unite them in the struggle, and realized the leadership for the Chinese revolution.

The CPC lead the people under the banner of Marxism-Leninism and carried out revolutionary wars on various occasions, opposing reactionaries at home and abroad. Therefore, imperialism, feudalism, and bureaucratic capitalism was finally liquidated in China; the new democratic revolution was victorious; and the People's Republic of China was founded.

This revolutionary change was the fruition of the correct leadership of the CPC and the lofty gains of the Chinese people's arduous and blood-filled struggle. The CPC organized and mobilized the Chinese people to adhere to the gains of the revolution and the struggle to build a new socialist China.

The Chinese people who became masters of the country for the first time in history, highly manifested the spirit of self-reliance and fortitude under the leadership of the CPC. Thus, they completely changed the appearance of China, which was poor and backward. Socialism has rooted in the wide land of China. China was freed from backwardness, poverty, and ignorance, and the Chinese people's century-old desire to live freely in a world without exploitation and oppression was realized.

All this eloquently proved that the road selected by the Chinese people was correct and that only socialism guarantees them a secure and happy life and the country smooth development, grandeur, and prosperity.

Today, the CPC, headed by Comrade Jiang Zemin, put forward the most important task as building socialism with Chinese characteristics and reunifying the whole country. It is encouraging all the people in the struggle to realize this. Many results are being achieved in this process. The party has been strengthened, and the patriotic movement is being carried out actively. The four modernizations have been promoted, production is on the rise, and the people's welfare is being promoted.

The CPC is carrying out an independent, sovereign, and peace-loving foreign policy. China's prestige is rising in the international arena. The past, present, and future of the Chinese revolution are unthinkable without the leadership of the CPC. The CPC is receiving absolute

faith and support from the Chinese people due to the great accomplishments accumulated in the Chinese revolution.

Members of the WPK and the Korean people are sincerely rejoicing over the fact that by uniting and leading the Chinese people the CPC has brought serious changes to the society, accelerated the country's development, and contributed to the onward movement of history and world peace.

The friendship between the parties and peoples of Korea and China is a valuable one provided and developed by the leaders of the two countries, and it has long historic traditions. The vitality of Korea-China friendship was manifested during the days when the people of the two countries struggled together by regarding independence, peace, and socialism as the common idea and goal.

Korea-China friendship has contributed to the development of the Korean and Chinese revolutions; the strengthening of the anti-imperialist, independent forces; and the cause of human independence.

Our people believe that the traditional Korea-China friendship will further strengthen and develop in the future under the deep care of the leaders of the two countries. Our people once again enthusiastically congratulate CPC on the 75th anniversary of its founding, and sincerely wish the CPC and Chinese people great success in their work to strengthen the party, achieve the stability and unity of the whole country, carry out the Ninth Five-Year Plan, and attain the new long-term target.

DPRK: NODONG SINMUN Dedicates Editorial to CPC Anniversary

SK0107032596 *Pyongyang KCNA in English*
0325 GMT 1 Jul 96

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — NODONG SINMUN today in an editorial dedicated to the 75th founding anniversary of the Communist Party of China (July 1, 1921) extends warm congratulations and comradely greetings to the fraternal Chinese party members and people in the name of the Workers' Party members and people of Korea.

In the editorial captioned "Proud Road Covered by CPC" the paper says that ever since its foundation the Communist Party of China has conducted powerful activities to imbue the Chinese people with revolutionary ideas and encourage them to a struggle, assuming the mission as the militant general staff of the Chinese revolution and has led the Chinese revolution.

The editorial goes on:

The CPC headed by Comrade Jiang Zemin put forward the most important task to build socialism with Chinese characteristics and reunify the whole country and encourages all the Chinese people to a struggle for its materialisation.

The party has grown in strength and brisk patriotic movements are going on and the four modernisations have been promoted and production is on the rise.

The CPC has pursued an external policy for sovereignty, independence and peace. The prestige of China is rising in the international arena.

Yesterday, today and tomorrow of the Chinese revolution are unthinkable without the leadership of the CPC.

The Workers' Party members and people of Korea are sincerely rejoiced over the fact that by uniting and leading the Chinese people the CPC has brought serious changes to the society, accelerated the development of the country and contributed to the onward movement of history and world peace.

The friendship between the parties and peoples of Korea and China is a valuable one provided and developed by the leaders of the two countries; it has long historic traditions.

The Korea-China friendship has contributed to the development of the Korean and Chinese revolutions, strengthening of the anti-imperialist, independent forces and the cause of human independence.

The Korean people believe that the traditional friendship between Korea and China will further strengthen and develop in the future under the deep care of the leaders of the two countries. And they sincerely wish the Communist Party and people of China great success in their work for strengthening the party, achieving the stability and unity of the whole country, carrying out the 9th 5-year plan and attaining the new long-term target.

DPRK: MINJU CHOSON Article Urges Dissolution of UN Forces Command

SK0107032096 *Pyongyang KCNA in English*
0319 GMT 1 Jul 96

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The United States must dissolve the "U.N. Forces Command" at an early date in accordance with the U.N. resolution and affirmatively respond to the DPRK's proposal for establishing a new peace mechanism to avert armed conflicts and war on the Korean peninsula, declared a signed article of MINJU CHOSON June 30.

The article said:

The forces which seek the cold war reportedly submitted a "report" in a bid to prove the effectiveness of the existence of the "U.N. Forces Command."

This reveals their ulterior intention to make people recognise that the "U.N. Forces Command" exists in actuality and use it for their aggressive purpose.

The "U.N. Forces Command" advertised by the United States and the South Korean authorities is a product of the cold war which was rigged up by abusing the name of the United Nations.

In other words, it is an illegal military organisation because it was not formed in accordance with a U.N. resolution and it goes against regulations stipulated in the U.N. charter.

The dispatch of the "U.N. forces" and the formation of the "U.N. Forces Command" were carried out without any legal procedure on the script of the United States.

The "U.N. Forces Command" stationed in South Korea is a bogus organisation which has no legality of its existence.

It has not received any direction or financial support from the United Nations but it has acted only on directions of the U.S. joint chiefs of staff.

It has no capacity to discharge its obligation and responsibility.

Since the war ceased in Korea, it, once a group of U.S.-led multinational armed forces, has collapsed of its own accord although there was no U.N. resolution. It was long ago that many countries broke their relations with the "U.N. Forces Command".

Its existence is a big obstacle lying in the way of ensuring peace and security on the Korean peninsula. It has zealously backed new war provocations and arms buildup of the United States and the South Korean puppets on the Korean peninsula.

Its disbandment is a requirement of the present times, the article stressed.

DPRK: KCNA Reports on Departure of IAEA Delegation

*SK2906085896 Pyongyang KCNA in English
0854 GMT 29 Jun 96*

["Delegation of IAEA Leaves" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — The delegation of the International Atomic Energy Agency (IAEA) left here today by air after holding the fifth round of negotiations on nuclear freezing and other issues concerned under the DPRK-U.S. agreed framework.

DPRK: Daily Warns Against 'Cooperative System' Between ROK, Japan

*SK3006070796 Pyongyang KCNA in English
0705 GMT 30 Jun 96*

["What Is 'Building of Cooperative Relations' For?" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Japan and the South Korean puppets are seeking to make their tieup closer for the "building of new cooperative relations". Prompted by a sinister intention, their move is quite contrary to right public voices calling for the rectification of the wrong Korea policy and the discontinuation of confrontation with the North.

MINJU CHOSON says this in a commentary today.

What the Kim Yong-sam group seek in strengthening bilateral relations with Japan is to stave off their international isolation, the paper notes, and goes on:

Finding themselves in a tight corner, isolated and rejected at home and abroad, the puppets have worried themselves over the bilateral relations with Japan which have been chilly over some issues.

Such being the situation, they invited the Japanese prime minister to South Korea for the purpose of cementing "cooperative relations" with Japan and keep it active in the anti-North "cooperative system" under the pretext of "peace and stability".

In other words, they intend to strengthen their reactionary tieup with Japan under the pretext of "security" to make Japan join in the anti-North campaign, keep it from divorcing them and impede the improvement of DPRK-Japan relations.

Japan wants to keep the South Korean puppets under its influence in return for its sympathy with their demand and, furthermore, benefit in the Korean issue.

Very grave are what was discussed at the "talks" held between Japanese Prime Minister Ryutaro Hashimoto and the traitor Kim Yong-sam on Cheju Island and what they sought at the "talks". We can never remain an onlooker to the anti-national criminal act of the Kim Yong-sam group and to the ulterior purpose Japan pursues in joining hands with the South Korean puppets.

DPRK: Kim Kwang-chin, Delegation Return From Indonesia

*SK0107021896 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 29 Jun 96*

[FBIS Translated Text] The DPRK military delegation headed by Kim Kwang-chin, first vice minister of

People's Armed Forces and vice marshal of the Korean People's Army (KPA), returned home by plane on 29 June after visiting Indonesia.

KPA General Yi Pyong-uk and Zulkarnain Afri Pane, Indonesian ambassador to the DPRK, were on hand at the airport to welcome the delegation.

DPRK: Kang Song-san Sends Greetings to Bangladeshi Prime Minister

SK3006071296 Pyongyang KCNA in English 0706 GMT 30 Jun 96

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, sent a message to Sheik Hasina upon her assumption of office as prime minister of Bangladesh.

The message expressed the belief that friendly and co-operative relations between the DPRK and Bangladesh will continue developing in the interests of the peoples of the two countries.

Meanwhile, Foreign Minister Kim Yong-nam sent a message to Abdus Samad Azad, congratulating him on his appointment as foreign minister of Bangladesh.

DPRK: Kang Song-san Sends Greetings to Afghan Prime Minister

SK3006071896 Pyongyang KCNA in English 0708 GMT 30 Jun 96

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, sent a message of greetings to Golboddin Hekmatyar upon his appointment as prime minister of Afghanistan.

The message expressed the belief that friendly and co-operative relations between the DPRK and Afghanistan will develop in the interests of the peoples of the two countries and wished him success in his responsible work for the country's peace and stability.

DPRK: Daily Praises Kim Il-song for Building Independent Economy

SK2906111496 Pyongyang KCNA in English 0853 GMT 29 Jun 96

["President Kim Il-song's Leadership in Building Independent National Economy" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — What is important in the immortal feats performed by the respected leader Comrade Kim Il-song for the development and prosperity of the country and the happiness of all generations to come is that he built

the powerful independent national economy. This is a scientific line which most correctly indicated the way of realizing the independence of the popular masses in the economic sector. NODONG SINMUN says this in a signed article today.

The line of building the independent national economy is the line of building the economy which stands on its feet, not subjugated to others, serves local people and develops in reliance on domestic raw materials and local people's strength.

The article quotes the great leader Comrade Kim Chong-il as saying:

"Under the correct leadership of the party, our people built the powerful socialist independent national economy and turned our country into a powerful socialist state of independence, self-sustenance and self-reliance in national defence in a historically short period."

It further says:

The wisdom of President Kim Il-song's leadership in building the independent national economy lies in the fact that he made sure that the principle of self-reliance was strictly adhered to and put forward the most scientific lines and policies in each period and at each stage of the socialist economic construction, thus indicating the road to be followed by the party and people.

Unthinkable without the spirit of self-reliance and hard struggle are the flames of the Chollima movement kindled by the Korean people in the days of laying the firm foundation of the independent national economy and the conversion of the country into a socialist industrial state in a historically short period though the U.S. imperialists prattled that Korea could not rise to its feet in one hundred years.

The revolutionary spirit of self-reliance and hard struggle was the source of the inexhaustible strength which made modern factories spring up on the debris like mushrooms after the rain and which made the Korean people demonstrate their heroic spirit and indomitable stamina to the whole world.

If the Korean people had not kept the principle of self-reliance but asked for other's help or yielded to the pressure of great-power chauvinists to admit the sev [as received], they would neither have surmounted the challenges and economic blockade of imperialists nor have avoided the same miserable fate with the countries where socialism collapsed.

As President Kim Il-song, seeing the future of the country, laid the firm foundations of the independent

national economy on the principle of self-reliance, the Korean people are struggling with the great courage that they can certainly overcome any big obstacle today.

He set forth the basic line of building socialist economic construction on giving priority to the development of heavy industry and developing light industry and agriculture simultaneously, made sure that it was consistently adhered to in the building of the independent national economy. And he indicated the scientific lines and policies in each period and at each stage of the economic construction including the policy of chucheorientation, modernisation and scientization of the national economy, laid the firm foundations of the independent national economy and wisely led the efforts to strengthen its might in every way.

The independent national economy has been more firmly cemented under the wise guidance of the respected Comrade Kim Chong-il. It is the steadfast will of General Kim Chong-il to consolidate and develop the independent national economy associated with the lifelong efforts and wise leadership of President Kim Il-song.

DPRK: Correction on Ministry Memorandum Urges UNC Dissolution

SK2706031196

The following correction pertains to the item headlined "Ministry Memorandum Urges UNC Dissolution" published in the 26 June East Asia DAILY REPORT, pages 12-15: Page 13, column two, paragraph four, sentence two make read: If any, the resolution only advised [kwongo] that an allied command [yonhap saryongbu] use the troops provided... (rewording)

South Korea

ROK: Possible Reasons for Delay in DPRK Power Succession Viewed

SK2806104796 Seoul KYONGHYANG SINMUN in Korean 28 Jun 96 p 5

[Report by Yi Pyong-kwang]

[FBIS Translated Text] Rumors about the postponement of the power succession in North Korea gradually appear to be established facts.

In an interview with Japan's NIHON KEIZAI SHIMBUN on 27 June, Foreign Minister Kong No-myong strongly suggested that Secretary Kim Chong-il's succession to power, which was expected to take place on 8 July, the second anniversary of Kim Il-song's death, will be delayed.

The possibility of postponing the power succession has been mentioned by ROK government officials beginning

early this year. However, this is first time a high-ranking government official confirmed this.

The possibility of North Korea extending the condolence period for Kim Il-song to next year was first mentioned last April when Mun Myong-cha, a journalist residing in the United States, quoted and relayed remarks to the West by North Korean Foreign Minister Kim Yong-nam.

The government, predicting a postponement of the power succession earlier than this forecast, paid keen attention to developments while gathering various information about the North Korean situation.

In its New Year's message, North Korea stressed it has been a full two years this year since President Kim Il-song died, although it is three calendar years. Some time ago, NODONG SINMUN began to describe this 8 July as "the second anniversary of Kim Il-song's death" instead of "the third anniversary of Kim Il-song's death," which it used earlier.

As regards this, a relevant government official stated: "Since the North Koreans believe a three-year condolence period will expire this year if the terminology 'third death anniversary' is used, North Korea began to use 'second death anniversary' in an attempt to find a pretext and excuse for extending the condolence period."

The indication that the condolence period might be extended has also been observed in North Korea's internal and external activities.

Although North Korea's Sixth Five-Year Plan was completed in 1993, North Korea has not yet announced its Seventh Five-Year Plan, a successive plan to the sixth.

It appears Kim Chong-il intends to announce the economic development plan, the first since Kim Il-song died, after completing the power succession.

Although Kim Il-song's death anniversary is near at hand, overseas trips by North Korean officials have not been reduced. This also indicates there will be no significant event occurring around 8 July.

A survey team of the Korean Peninsula Energy Development Organization is scheduled to visit North Korea in early July, and North Korea-U.S. joint work on exhuming the remains of U.S. soldiers will also begin soon.

The government feels that the most important reason for North Korea's extension of the condolence period is its economic difficulties, including shortages of food and energy.

At present, North Korea is distributing 250 grams of rice to its citizen daily, totalling only one-third of the requirement. In addition, North Korea faces a drastic conservation in energy.

The government feels a festive atmosphere is necessary in North Korea for Kim Chong-il's official power succession following the expiration of the condolence period. However, North Korea's economic situation is unable to allow this to take place.

A relevant official pointed out: "In July, it is too early to harvest rice and wheat, and only potatoes are available during this season. This being the case, North Korea is unable to create a festive atmosphere with food supports from foreign countries."

Meanwhile, the government judged that Kim Chong-il's inauguration has been delayed because North Korea can be administered without a nominal leader, concluding that at present there are no potential elements in North Korea threatening the foundation of Kim Chong-il's power.

ROK: DPRK SPA Chairman Says Kim Chong-il To Take Power in Oct 97

SK2906012696 Seoul CHUNGANG ILBO in Korean 29 Jun 96 p 2

[FBIS Translated Text] Yang Hyong-sop, 71, chairman of the North Korean Supreme People's Assembly [SPA], said in Mexico on 27 June that Kim Chong-il will officially succeed power in October 1997.

According to an ROK Foreign Ministry official, Yang Hyong-sop is on his way to Cuba and during a stopover in Mexico, he had an interview with EL SOL DE MEXICO. Asked about the timing of Kim Chong-il's power succession, Yang said: "I cannot say exactly but it will be around October next year." Yang Hyong-sop arrived in Mexico on 17 June. This is the first time a key person of the North Korean power mentioned the timing of Kim Chong-il's succession.

Yang Hyong-sop ranks 15th in the North Korean leadership. He is a brother-in-law of Kim Il-song (the husband of Kim Il-song's cousin). He assumed the post of the SPA chairman in May 1990.

ROK: Daily on U.S. Government Notice of Sanctions Against DPRK

SK3006025696 Seoul CHOSON ILBO in Korean 30 Jun 96 p 1

[By reporter Pak Tu-sik from Washington]

[FBIS Translated Text] In connection with the recent export of missiles to Iran by North Korea, the U.S.

Government revealed belatedly on 28 June through the Federal Register that it has already taken economic sanctions against North Korea starting in May.

This measure was taken in accordance with the provisions of the U.S. law controlling weapons exports and the Missile Technology Control Regime. After U.S. Government deliberations and decision on 24 May, sanctions against the North went into effect beginning on 26 May. The U.S. Government published this fact in the recent edition of its Federal Register, publicly notifying U.S. businesses about it, but it did not make a separate announcement on the matter. The sanctions are aimed at North Korea and Iran, for it has been confirmed that these two countries carried out missile deals. The sanction period is two years.

This measure is mainly aimed at technology, facilities, and spare parts related to missiles, and it prohibits U.S. businesses from concluding any contracts related to the missile sector. It is the first time the U.S. Government has taken sanctions against the North since the fall of 1994, when the United States and North Korea concluded the Geneva nuclear agreement. It is predicted that the sanctions will have a great influence on overall U.S.-DPRK relations, such as the U.S.-DPRK missile talks slated for July, as well as on measures to ease economic sanctions against the North which the U.S. Government has been continually examining.

U.S. officials said that it has been recognized that there have been missile sales between North Korea's Changgwang Credit Company and Iran's Defense Ministry, Air Force Supply Department, and State Purchasing Office. A U.S. Government official said: "Because it has been confirmed that there have been missile deals between North Korea and Iran, sanctions were taken according to U.S. legal procedures." However, he refused to reveal details of the deals. Prior to this, in 1992, the U.S. Government enacted the same sanctions and then lifted them in 1994.

ROK: Renewed Sanctions Add 'Virtually Nothing' to Existing Ones

SK0107025296 Seoul YONHAP in English 0246 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — The U.S. Government has decided to extend economic sanctions against North Korea which have been in force since March 1992 under the arms export control act for two more years, the South Korean Foreign Ministry said Monday [1 July].

The decision was made in connection with North Korea's missile technology exports to Iran. North Korea's

Changgwang Credit Co. and the Iranian firm that were engaged in the technology trade will be barred from making any missile-related deals with American businesses for the next two years, an official said.

Washington reportedly confirmed North Korean missile technology exports to Iran in 1991 and the sanctions slapped on North Korea in March 1992 expired last month, he added.

But the renewed sanctions will do virtually nothing to add to the economic sanctions already in place against the communist country according to laws banning trade with adversaries and regulating exports, he remarked.

ROK: Daily Notes More Positive DPRK Attitude Toward U.S.

*SK0107081596 Seoul SEOUL SINMUN in Korean
1 Jul 96 p 5*

[By reporter Ku Pon-yong]

[FBIS Translated Text] A government official said on 30 June: "A 'Copernican-style change' is occurring in North Korea's attitude toward the United States." This remark was made emphasizing that this year North Korea has sharply deviated from its original position in which it regarded the United States as its "main enemy."

The decisive sign of North Korea's change in attitude toward the United States is that this year the so-called "Anti-U.S. Joint Struggle Month" has disappeared. The large-scale anti-U.S. propaganda offensive, which had been carried out every year for one month from 26 June to 27 July since 1959 and which mobilized all the people, has disappeared.

Up until 1991, every year North Korea designated "Anti-U.S. Joint Struggle Month" and simultaneously carried out throughout North Korea various events instilling antagonism toward capitalist ideology and the United States. It was a means to maintain internal unity by creating a tense mobilization atmosphere.

Furthermore, during this period, along with socialist countries and political parties and organizations, North Korea jointly carried out "solidarity events with the Korean people" and instigated international anti-U.S. and anti-South Korean struggle. However, since 1992, when it keenly acknowledged the need to improve relations with the United States, the scale of the events has been conspicuously reduced.

This year, it established the period of 25 June to 27 July as "Pomchonghangnyon's (the National Alliance of Youth and Students for the Country's Reunification) Anti-U.S. Peace Month." The purpose is not to agitate anti-U.S. struggle but instead to focus on putting an end

to hostile relations by calling for implementation of the DPRK-U.S. agreed framework.

The two main axes of North Korea's revolutionary strategy since division have been "anti-U.S. struggle for independence" and "antifascist struggle for democracy." In reality, the former has disappeared.

When viewed from a different angle, it is probably a full-scale political effort to hasten improved relations with the United States. This is because North Korea has started to regard improved relations with the United States, and acquiring tangible and intangible assistance through this, as a "central link" in the continued existence of its system.

An official of the Ministry of National Unification also emphasized this point. In other words he pointed out: "This shows that the anti-U.S. hostile policy, which was an important means to maintaining North Korea, has changed into a policy to improve relations with the United States."

Therefore, this change in attitude is being analyzed in the short term as strengthening hostile policy toward the South. This means that there is a greater possibility that Kim Chong-il's regime may intentionally create a tense situation toward the South.

In a nutshell, at a time when the United States, the "main enemy," has disappeared, North Korea may increase hostility toward the South to maintain the basis of its weak regime. This is related to North Korea's slander against the South, which has increased in recent days.

ROK: U.S. 'Equidistant' Diplomacy Toward ROK, DPRK Criticized

*SK0107084996 Seoul HANGUK ILBO in Korean
1 Jul 96 p 14*

[Article by Chong Il-hwa, member of the HANGUK ILBO Editorial Committee and director of the Unification Research Institute: "Error [kwao] in U.S. Diplomacy"]

[FBIS Translated Text] The U.S. policy on the Korean Peninsula is developing into tripartite relations, linking North and South Korea with the United States, from the previous ROK-U.S. bilateral relations. Some people point out that this policy has already entered the implementation stage. Diplomatic experts with close ties to political circles in Washington even note that it has been a long time since the United States entered into tripartite relations. In other words, the North Korean liaison office will be established in Washington by the end of the year and the Stars and Stripes will fly in the sky of Pyongyang. And there is a possibility that

the Armistice Agreement will be replaced with a peace agreement as early as the end of this year.

Inspired by such an atmosphere, North Korea acts as if the United States is already siding with North Korea. When it was dealing with the nuclear issue, North Korea insisted on holding talks only with the United States, and succeeded in realizing them at last. North Korea also insisted on holding missile negotiations only with the United States, and negotiations are ongoing in a direction favored by North Korea, not to mention the negotiations for repatriation of the remains of U.S. soldiers. With regard to an explanatory session for the four-way talks jointly proposed by the ROK and the United States, North Korea mapped out a principle that it would respond if the United States arranges the session alone. Thus, North Korea held secret talks with the U.S. side on 26 June. Besides, North Korea claims that the issue of replacing the Armistice Agreement with a peace agreement should be discussed only between North Korea and the United States.

North Korea believes that it has succeeded in bringing the United States onto its side with the nuclear issue as a weapon. The Clinton administration points to the Geneva nuclear agreement as a noticeable diplomatic success. Encouraged by this, North Korea is implementing a policy for alienation of the ROK by persistently badgering and threatening the United States. In the process, the ROK has been pushed aside, and as a result it has found itself left with only burdens, shouldering the expenses for construction of a nuclear power plant in North Korea. Besides, the ROK was made to finalize its earlier policy to offer \$3 million in food aid to North Korea.

How did such changes come to take place?

They have taken place because U.S. diplomacy has lost its ideals [isang]. Despite its history of only 200 years, the United States has become a nation envied and respected by the entire world because its national ideals have been as great as the United States itself, and because the United States carried out activities in the international arena based on its ideals. As reflected in the Declaration of Independence, the ideals of the United States are that all human beings are created equal, each individual has the right to life, liberty, and the pursuit of happiness, and the nation's mission is to guarantee this right.

These ideals are specified in the U.S. Constitution and were expressed in Lincoln's Gettysburg speech. For the sake of these ideals, the United States fought against communists and participated in the Korean war by inspiring the United Nations. However, Kissinger's power politics based on the balance of power principle came

to dominate U.S. diplomacy. Since that time, the United States began to lose its ideals. By implementing equidistant diplomacy toward North and South Vietnam while ignoring differences between communism and liberalism, Kissinger helped bring about the communization of South Vietnam. Now, the same equidistant diplomacy of so-called tripartite relations is about to be implemented toward North and South Korea on the Korean Peninsula. In other words, they have failed to attach importance to the need to change North Korea's inhumane national system. North Korea does not allow the ideals of the right to life, liberty, and the pursuit of happiness for individual North Koreans, except Kim Il-song and Kim Chong-il. The U.S. theory on tripartite relations on the Korean Peninsula can be interpreted as an error [kwao] in U.S. diplomacy. It is based on the balance of power principle, which has strayed from U.S. ideals. It is fortunate, however, that the United States, at least officially, does not recognize such tripartite relations at the moment. The United States clarified the principle that dialogue and compromise between parties concerned in North and South Korea should be held first for resolving the question of the Korean Peninsula. We hope that the ROK and the United States will strive not to repeat equidistant diplomacy, which has already damaged Vietnam, on the Korean Peninsula.

ROK: Carter Center Delegates to DPRK Observe No Signs of Famine, Reform

SK2806114796 Seoul YONHAP in English
1144 GMT 28 Jun 96

[FBIS Transcribed Text] Seoul, June 28 (YONHAP) — A recent visitor to North Korea reported Friday [28 June] that he saw no signs of malnutrition or famine in the communist nation.

L. Gordon Flake of the Korea Economic Institute of America, who visited parts of South Pyongan Province June 4-11 as a member of the Carter Center's agricultural delegation, said he saw nothing suggestive of African-type famine.

Flake was speaking at the conference, "International Economic Implications of Korean Unification" at the Seoul Inter-Continental Hotel.

Though people are hungry, he pointed out, the food shortages are not imminently threatening the regime nor is there a loosening of control or civil unrest.

Meanwhile, Kenneth Quinones of the U.S. State Department's Bureau of Intelligence and Research said that North Korea is showing signs of change and that both the United States and South Korea should further open communication with the North.

The ten-time visitor to the North cited as examples of such signs of change North Korea's cooperation in the light-water reactor project, with technicians from both Koreas working together, and its admission of food crisis and subsequent call for help.

During his last trip to Pyongyang this year, he said he was allowed to walk around and photograph freely around the capital, in contrast to four years ago when he was confined to his guest quarters.

Dr. Marcus Noland of the Institute for International Economics Alleged that Korean unification would cost about 1 trillion U.S. dollars if unification were attained in the condition of a wide economic gap between the two Koreas.

The North Korean system will probably not reform itself in the near future, he added, saying most North Koreans he spoke to believe that their nation's economic woes have resulted from the collapse of the Soviet Union and the current U.S. trade embargo.

He called on South Korea to improve its foreign investment climate so that it can attract enough capital that it will need to finance unification.

ROK: Japan's Defense Minister Comments on Cooperation With U.S.

SK2906012396 Seoul YONHAP in English
0051 GMT 29 Jun 96

[FBIS Transcribed Text] Tokyo, June 29 (YONHAP) — Military cooperation between Japan and the United States will be strictly limited to the scope allowed by the pacifist constitution of Japan which prohibits collective self-defense, Japan's Defense Minister Hideo Usui said Friday (28 June).

Usui was responding to a question raised by a group of visiting South Korean reporters who asked whether Japan's new defense policy outline, which will soon be mapped out in consultation with the United States, would allow the Japanese military to actively involve itself in emergency situations on the Korean peninsula.

"Japan and the United States should establish a new cooperative defense posture for peace and stability in Northeast Asia as well as on the Korean peninsula," the Japanese defense minister said.

Northeast Asia still has destabilizing factors in spite of the fact that the cold war era has ended, Usui said, adding that South Korean President Kim Yong-sam already agreed on the need to enhance cooperation between Washington and Tokyo.

The Japanese defense minister also pointed out that the rapid economic growth in some Asian countries has

brought a reinforcement of defense capabilities, which makes the region militarily unstable.

Usui, however, did not elaborate on which country might be considered Japan's major imaginary enemy.

"At the moment we cannot say that a specific country is a major imaginary military enemy of Japan, although destabilizing factors still exist on the Korean peninsula," he said.

To effectively cope with the possibility of military confrontation on the Korean peninsula or anywhere else in Northeast Asia, Japan has begun a new five-year military enhancement project this year.

"The main theme of the new project is more effective, reasonable and compact self-defense forces of Japan," he said.

"We are planning to reduce the number of the Japanese military personnel from 180,000 to 160,000 in the near future, and our primary method for doing this will be streamlining divisions into brigades," Usui said.

Explaining that he and South Korean Defense Minister Yi Yang-ho recently met in Tokyo to discuss ways to enhance bilateral military cooperation, Usui stressed that the trilateral cooperation between South Korea, Japan and the United States will be an essential element for permanent peace in northeast Asia.

"This coming September, a Japanese naval ship is scheduled to call on the South Korean port city of Pusan to enhance its understanding of other countries," he said.

ROK: KEDO, DPRK Reportedly To Start Protocol Talks 20 Jul

SK2906044496 Seoul KBS-1 Radio Network
in Korean 0300 GMT 29 Jun 96

[YONHAP, New York]

[FBIS Translated Text] The Korean Peninsula Energy Development Organization [KEDO] and North Korea have agreed to hold negotiations in North Korea beginning 20 Jul for the protocol on the receipt of the light-water reactor [LWR] construction site and on the paid service to be provided by North Korea pursuant to the LWR provision agreement.

KEDO said that the negotiations will be held at a guest house in Myohyangsan, North Korea, and that the KEDO delegation will be composed of office workers and government delegates from the ROK, the United States, and Japan.

A KEDO official said that the negotiations, which will be held for the first time in North Korea, will cover

the scope of provisions of and the method of settling accounts for manpower, material resources, and medical services, etc. which the North Korean side will provide for the Korea Electric Power Corporation (KEPCO), the main contractor of the LWR's, and its subcontractors.

ROK: Japanese Foreign Minister Says 6-Way Korea Talks Possible

SKD107005696 Seoul YONHAP in English
0031 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 (YONHAP) — Japanese Foreign Minister Yukihiko Ikeda expressed the view Sunday (30 June) that the format of the proposed four-party Korea peace talks could be so readjusted as to involve Russia and Japan as well in light of the Group of Seven (G-7) summit's proclaimed support for it.

Appearing in a talk show program with the NHK Television, Ikeda said, "The participating countries in the G-7 summit in Lyon including Russia shared the view that the realization of the proposed quadripartite talks is important for the time being," adding, however, "it would be false to deny the existence of sentiments desiring the addition of other countries to the four involved in the proposal."

The offer made by South Korea and the United States in April calls for discussing with North Korea and China the establishment of a peace regime on the Korean peninsula to replace the 1953 Korean armistice agreement.

"As a future possibility, there may be instances in which Japan as well as Russia takes part in the negotiations," Ikeda added.

ROK: Vice Premier Urges DPRK To Accept 4-Way Talks To Get Food Aid

SKD107111096 Seoul YONHAP in English
1035 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Deputy Prime Minister Kwon O-ki said Monday (1 July) he hopes North Korea will either accept the "three Beijing principles" or agree to the proposed four-way talks so that there could be talks on the North's food problem.

Speaking at a meeting of the 300 Liberal Intellectuals Society at the press center in Seoul, Kwon said North Korea's food problem is a rather structural question which can hardly be cured with a one-shot assistance.

To fundamentally resolve the problem, he said, there needs multi-pronged cooperation in the agricultural sector between the two Koreas.

The journalist turned official said the North Korean food question entails not a mere issue of assistance but a matter linked to security of the whole area of Northeast Asia. "This is why a close cooperative system is needed among relevant countries," he said.

Touching on some civil organizations' demand that they be allowed to ship food grains directly to the North, Kwon said if conduits other than the Korean National Red Cross were used, it is prone to be exploited by the North in their policy to bypass the Seoul Government as well as in their "united front" strategy against the South.

He said his government will continue to ban the delivery of rice to the North because rice is a strategic item and its domestic supply is not smooth either.

He also said that in North Korea, the military is playing a growing role. "Of Kim Chong-il's all public activities, military-related events account for up to 52 percent," he said.

There is no sign of any power struggle in the North and Kim Chong-il seems exercising de facto power, the concurrent national unification minister added.

ROK: Foreign Ministry Welcomes G-7 Support for 4-Way Talks

SK2906121196 Seoul YONHAP in English
1205 GMT 29 Jun 96

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The Foreign Ministry has immediately welcomed the Group of Seven leaders' supports for the four-party meeting Seoul and Washington proposed on April 16. The world leaders expressed the supports through a closing statement at their annual meeting in Lyon, France, Saturday (29 June).

The ministry's Spokesman So Ki-won commented, "We are calling for Pyongyang to accommodate the world leaders' wishes and comply with the four-way meeting promptly."

The spokesman noted that the G-7 summit leaders reaffirmed the four-way meeting is the most realistic and practical scheme to replace the current cease-fire agreement and establish permanent peace on the Korean peninsula.

South Korea gives full supports for the G-7 summit leaders' resolution to fight against international terrorism by mobilizing every means available, the spokesman said, adding that Seoul will do its utmost to provide all possible cooperation to root out terrorism in the world.

ROK: YONHAP Reports on Conference on Korean Unification

SK2806123896 Seoul YONHAP in English
1208 GMT 28 Jun 96

[FBIS Transcribed Text] Seoul, June 28 (YONHAP) — North Korea expert Stanley Roth warned Friday [28 June] of the possibility of minor clashes with North Korea accidentally leading to another armed conflict on the Korean peninsula.

In one scenario, for example, a mass of hungry North Korean people reaching the border area in an escape attempt could be fired at by North Korean soldiers and South Korean forces might feel compelled to intervene, he said.

The former U.S. Defense Department official, now with the U.S. Institute of Peace, was speaking at a session at the conference, "International Economic Implications of Korean Unification," at the Seoul Inter-Continental Hotel. The seminar was co-organized by the Korea Institute for International Economic Policy and THE KOREA HERALD.

Another dangerous possibility, he noted, could occur if a North Korean military unit seeks to defect and South Korean forces, misreading its intention, intercept the unit by force.

Priority, therefore, must be given in the short-term to prevent the North from making a "hard landing," he added.

Roth also dismissed the notion that Kim Chong-il has not formally assumed the presidency of his nation because he is still mourning the death of his father, pointing to the possibility of dissension in the North Korean leadership.

In his paper "How Will Unification Affect Korea's Participation in the World Economy?," Prof. Hwang Ui-kak of Korea University said that unification would undermine the nation's economic growth in the short-term, but would raise Korea's status and role in the world community over the medium and long-term.

If socio-economic costs are counted in, Korean unification will cost between 2.4 and 3.04 trillion U.S. dollars, Hwang predicted, noting that the productivity of North Korean workers is only 25-35 percent of that of their southern counterparts.

This would entail public transfers totaling between 480 and 609 billion dollars annually from the South to the North if unification occurred in 2000, accounting for 50 to 60 percent of South Korea's gross national product estimated for that year, the scholar said.

The emergence of such huge unification costs, inflationary pressures, environmental issues and vast disparities in income would trouble the peninsula for some time, he added.

On how Korean unification would be financed, Roth said "reparations" from Japan for its past colonization of the peninsula could foot some of the bill, as well as contributions from the international community.

He cautioned, however, that South Korea will have to prepare a contingent plan in the event that aid from either Japan or other nations fall short.

Another North Korea scholar, Dr. Robert Scalapino of the University of California at Berkeley, said that the possibility of military adventurism by Pyongyang out of desperation, while unlikely, cannot be completely ruled out.

Elite factionalism within the North Korean leadership is a potential danger, with one faction conceivably asking an outside power for assistance, he warned.

Scalapino added that the realization of a "soft landing" for the shadowy communist state will heavily depend on cooperation with key figures in the Pyongyang leadership, and wondered whether such cooperation would come.

In another presentation, Dr. Gary Hufbauer [spelling of name as received] of the Institute for International Economics laid out several stages that should follow a possible collapse of North Korea, which he predicted will occur fast.

Security concerns must be addressed, he said, stressing that the North must be firmly warned that any projection of its forces beyond its borders will be met with quick and assured retaliation.

North Korean leaders including Kim Chong-il, as offensive as it may be, must be given political asylum, preferably in China, he added, and the North Korean Army must be regarded not as a defeated force, but as an ally.

The North Korean military, instead, could help maintain order in the North in the early months following such a collapse, the scholar noted, as a rush of refugees, widespread famine and arresting epidemics would surface.

For the North's reconstruction and rehabilitation, rapid privatization will be required as part of a "shock therapy" method essential to help the nation, he said, as contributions from the international community will fall way short of the funds needed for unification.

**ROK: NUM Urges Caution for Firms Attending
Najin-Sonbong Forum**

SK2906073096 Seoul YONHAP in English
0712 GMT 29 Jun 96

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The National Unification Ministry (NUM) has recently sent to some private economic organizations an official document, which requested their prudence in participating in investment forums for the Najin-Sonbong Free Trade and Economy Zone to be held in September in North Korea and China under the auspices of Pyongyang.

A ministry official said Saturday [29 June], "The government has yet to define a stance on South Korean firms' participation in the forums to be held between Sept. 13-15 in the North's trade area.

"We've judged it's undesirable that some economic organs are currently collecting participation hopefuls, and thus sent the document under the name of Vice Prime Minister Kwon O-ki requesting the organs to restrain themselves," the official explained.

"A question on whether the government allows the South's companies to attend the forums can be examined later in parallel with the advance of inter-Korean relations," he added.

**ROK: DPRK Reportedly To Open Up Pyongyang,
Nampo, Haeju**

SK2906003096 Seoul CHOSON ILBO in Korean
29 Jun 96 p 1

[Report by Kim Song-yong in Hong Kong]

[FBIS Translated Text] In addition to the Najin-Sonbong special zone, North Korea has decided to open up Pyongyang, Nampo, and Haeju for foreign investment. This is the first time North Korea has expressed its intention to attract foreign investment in these three areas. It was learned on 28 June that North Korea plans to promote pollution-free businesses in these areas, including garment, electronics assembly, and simple processing of agricultural and fishery products.

North Korea will hold a three-day investment seminar for these areas in Hong Kong beginning on 29 July. ROK, Japanese, U.S., and Hong Kong companies will be invited to the seminar. Won Yong-ho, chairman of Young Trading Company in charge of making preparations for the seminar, said on 28 June: "I hope ROK companies will come to this seminar and directly tap the possibility of doing businesses in Pyongyang, Nampo, and Haeju. I also hope that the

ROK Government will urge North Korea to guarantee ROK companies' investment in these areas."

The seminar is organized by the North Korean Committee for the Promotion of External Economic Cooperation (chaired by Kim Chong-u), and sponsored by the UN Development Program (UNDP) and UN Industrial Development Organization (UNIDO). Only ROK companies have invested in areas other than Najin and Sonbong in North Korea. Daewoo operates a textile plant in the Nampo Industrial Complex, and LG operates a Braun tube plant in Pyongyang. North Korea plans to invite 250 ROK companies, 950 U.S. companies, 940 Japanese companies, and 300 Hong Kong companies to the seminar.

Chairman Won established a joint venture bottled water company, Sujong Kungangsan Saemul, with the North Korean Maebong Trading Corporation under the Ministry of People's Armed Forces in May 1995. The joint venture's bottled water has been sold in Seoul since September 1995.

**ROK: DPRK Said Willing To Allow Foreign
Airlines in Air Space**

SK0107111396 Seoul YONHAP in English
1044 GMT 1 Jul 96

[FBIS Transcribed Text] Brussels, July 1 (YONHAP) — North Korea may open its air space to foreign airliners to shorten significantly the flight hours of those plying between Seoul and European cities or between the American Continent and Southeast Asian countries.

An international aviation source here said Monday delegates from the International Air Transport Association (IATA) and North Korea would meet this month to discuss the question of allowing foreign airliners to fly through the North Korean air space.

If the North Korean air space were actually opened, the flight hour of airliners on the Chicago-Hong Kong route, for instance, could be shortened by one and half an hours [as received], the source said.

North Korea has suggested it would allow all foreign airlines including South Korea's KAL and Asiana to pass through its air space.

ROK: DPRK Reportedly To Open Trade, Consol Offices in Hong Kong

*SK2906030296 Seoul CHOSON ILBO in Korean
29 Jun 96 p 2*

[Report by Hong Kong-based correspondent Kim Song-yong]

[FBIS Translated Text] Hong Kong sources well-informed about North Korean affairs said on 28 June that North Korea will establish a trade office in Hong Kong in August and a consulate in 1997.

The sources said that the North Korean Government is sounding out the Hong Kong Government on closing its Guangzhou trade mission (representative Yi Song-un) early in July and establishing a Hong Kong trade office in August, and that North Korea is planning to establish a consulate in Hong Kong in 1997 to invigorate trade with Hong Kong.

ROK: MOFA Deplores Japanese Lawmaker's Remarks on 'Comfort Women'

*SK0107090996 Seoul YONHAP in English
0831 GMT 1 Jul 96*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — The Ministry of Foreign Affairs (MOFA) expressed deep regret Monday [1 July] about the absurd remarks made Saturday by Japanese lawmaker Seisuke Okuno that comfort houses were not run by the Japanese military, but by businessmen (apparently meaning "pimps") during World War II.

The remarks followed another blunder he made June 4 when he remarked that "comfort women were doing their own business, and thus there was no compulsion."

A MOFA official commented that Okuno's remarks are glossing over and distorting the essence of the question, and are "anachronistic."

The official was critical of the Japanese lower house member's repeated blunders and indicated that they can no longer be overlooked since they are trampling on the pride of the Korean people, especially the victims, given that Japanese history textbooks are acknowledging that the Japanese military coercion was used to mobilize the comfort women.

The official construed Okuno's remarks to be lamentable attempt to discourage efforts to establish more friendly ties to successfully co-host the 2002 World Cup finals.

Thailand

Thailand: Prime Minister Reports on Trade Talks With Kantor

*BK2806140296 Bangkok Radio Thailand Network
in Thai 1200 GMT 28 Jun 96*

[FBIS Translated Text] Prime Minister Banhan Sinlapacha granted an interview at Government House after meeting with U.S. Secretary of Commerce Mickey Kantor this morning. He said the U.S. secretary is visiting Asia and the Pacific to expand business opportunities and markets for U.S. industries. The prime minister said he asked the U.S. to restore GSP [Generalized System of Preferences] privileges to four categories of Thai products, and to relax the ban on Thai shrimp imports.

[Begin Banhan recording] I asked him about restoring GSP privileges. Meanwhile, the United States told us to look into the problems of intellectual property rights and copyright violations, and also about narcotics suppression. Another subject was transportation, as the U.S. wants to do business in this area. It was about customs. I told him I would look into it. I pledged to try to solve the double taxation avoidance issue, which the finance ministries of both countries still could not reach an agreement on.

I told him that, if possible, I would like to invite the U.S. President to visit Thailand when he comes for the conference [APEC] in Subic in November. He thanked me for that. (End recording)

Thailand: Industry Minister Meets Kantor, To Adjust Auto Parts Tax

*BK2906093496 Bangkok THE NATION in English
29 Jun 96 pp B1, B2*

[Report by Chirawat Na Thalang and Nitsara Sihanam]

[FBIS Transcribed Excerpt] Executives of US carmakers General Motors and Ford yesterday asked the Thai government to review the import tariff structure on auto components which currently does not encourage local production.

During their meeting with Industry Minister Chaiwat Sinuwong, the officials said import duties on parts are higher than completely knocked down parts or CKDs. Auto parts are subject to 30 to 40 per cent duty while CKD duty is currently only 20 per cent.

In 1991, CKD duty was slashed from 112 per cent to 20 per cent, but the tariffs on parts and their raw materials remained unchanged. It has become an issue after the government said recently that it will abolish the local content requirements in the next two years.

Chaiwat said the government will adjust the tariffs for fairness, but did not elaborate. The government will also promote auto and parts exports to Asean markets and streamline customs procedures to provide one-stop service, he said. Bonded warehouses will also be provided.

Chaiwat said the US carmakers, which recently announced big investments in Thailand, also expressed concern about the shortage of labour with new technology and computer skills.

Exports of completely built-up cars in the first five months of this year totalled 1,573 units, down 43.44 per cent. Export value totalled [Thai baht] Bt385.9 million. Exports of engines and other parts totalled Bt523.5 million, down 2.24 per cent. Motorcycle exports totalled 80,696 units, down 24.17 per cent.

The US trade mission led by Commerce Secretary Mickey Kantor, meanwhile, sees bright investment prospects in East Asia's telecommunications and international postal services, according to Thai Commerce Minister Chuchip Hansawat.

He said cooperation between US and Thai firms in these areas will create more jobs for Thai people. Kantor told his Thai counterpart that double taxation is one of the barriers to bilateral trade and investment relations.

Chuchip also asked the US to consider returning tax privileges under the Generalised System of Preferences to Thailand.

On intellectual property rights, Chuchip said Thailand will set up a special court to handle cases of intellectual property rights violations.

Thailand also asked the US to provide technical help to the shrimp industry after the US slapped a ban on Thai shrimp exports on the grounds that sea turtles are allegedly jeopardized by the catching of shrimp.

On textiles, Thailand asked the US to increase textile quotas to compensate for the negative effects resulting from the US rules of origin.

Kantor said the US is still concerned about the failure to enforce the copyright law in Thailand, where last year's damage from the violation of such rights amounted to US\$200 million, with most of the violations found in videos, compact discs, pharmaceutical products and software.

Kantor told American businessmen who attended a luncheon meeting that although he is quite delighted that Thailand finally passed the intellectual property rights law in 1995, the US private sector was still concerned that the enforcement of intellectual property

rights protection has fallen off. "However, we have come a long way since 1993," he said.

Thailand was once facing the threat of being placed on a priority foreign country list, which is the most serious category from the US Trade Representative Office, on the grounds that the protection of intellectual property rights, especially pharmaceutical products and copyright protection, was not enough. The country has now moved on to the less serious watch list following the implementation of its copyright law early last year. [passage omitted]

Thailand: Security Threat Against Prime Minister Taken Seriously

BK2906101496 Bangkok BANGKOK POST in English 29 Jun 96 p 2

[Unattributed Report]

[FBIS Transcribed Text] The reports of assassination attempts against Prime Minister Banhan Sinlapa-acha have not been treated lightly by the relevant military units.

A high-level military intelligence source also said yesterday rumours that the prime minister would be assassinated had circulated within the military about a month ago.

Although the rumours were never verified, security for Mr Banhan was stepped up, according to the source who works for the Armed Forces' Security Centre.

Military leaders are now busily checking whether such a plot actually existed after two dailies — THAI RAT and MATICHON — reported that a group of people were planning to abduct Mr Banhan at the Air Force's Wing 6 airbase in Don Muang or attack him while he was on an official trip.

Both newspapers reported that the persons in question were angry at Mr Banhan for being unable to solve the nation's problems.

Air Force commander-in-chief M.R. [Mom Ratchawong — royal title] Siriphong Thongyai ordered his staff to verify the reports, fearing they could damage the image and reputation of the unit.

Wing 6 was the place where former prime minister Chatchai Chunhawan was arrested by soldiers following the orders of their military leaders during the February 1991 coup.

Supreme Command chief-of-staff Mongkhon Amphonphisit also instructed the Armed Forces' Security Centre to verify the threats so he could report on the matter to

Supreme Commander Wirot Saengsnit who is now on a visit to China.

The centre, however, has not yet been able to ascertain whether the rumours had any grounds, he said.

The source said the persons who spread the rumour may have wanted to create public sympathy for Mr Banhan by making him look like a pro-democracy leader who has become the target of malice.

The source denied any knowledge of rumours that Defence Minister Chawalit Yongchaiyut had made threats to harm Mr Banhan if he did not step down as prime minister.

Gen Chawalit, meanwhile said reports of the assassination plot were "rather nonsensical and never had grounds before".

Gen Chawalit said he was not worried about assassination attempts against the premier because the agencies concerned were able to provide tight security for him.

He said he never gave any "orders" to the Air Force in relation to the alleged assassination plot.

He also said assassinating someone is not what the military would do.

"We are open in everything we do."

Gen Chawalit said he did not ask the Armed Forces' Security Centre to verify the reports.

"I dared not. I was afraid they would start to wonder about why the Defence Minister had such a low IQ."

For myself, I am not afraid of assassins, Gen Chawalit said. "They can come any time."

Army chief Pramon Phalasin said he believed the assassination reports were untrue.

But he said he would not let "men in green" break the law.

Those who spread the rumour stand to lose all their credibility if there is no substance to it, he said.

Thailand: Prachakon Thai Party To Rejoin Coalition Government

BK3006125496 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 30 Jun 96

[FBIS Translated Text] The Prachakon Thai Party has unanimously adopted a resolution to rejoin the coalition government after its pullout on 15 June.

Members of the executive committee and MP's of the Prachakon Thai Party voted for the resolution during a two-hour meeting this afternoon under the chairmanship of party leader Samak Suntharawet.

At a news conference organized after the meeting, Samak Suntharawet read out a statement, which said that of the 52 members of the executive committee, 30 cast votes for, and four against the resolution. Seven members of the committee were not present at the voting. Party Secretary General Yingphan did not attend the meeting because of illness.

Samak said that the decision to rejoin the government was intended to help government solve problems. In addition, the other coalition parties still appreciate the usefulness of his party. He added that his party will be able to continue to work together with the Phalang Tham Party.

Vietnam

SRV: 'Sources' Say Nguyen Dinh Tu Dies of Heart Attack

OW2906033796 Hong Kong AFP in English 0328 GMT 29 Jun 96

[FBIS Transcribed Text] Hanoi, June 29 (AFP) — Vietnam's new political line-up due to be announced at the Communist Party Congress suffered a blow with the death of a top official who was set to enter to powerful Politburo, sources said.

Nguyen Dinh Tu, a member of the party secretariat, died overnight of a heart attack, the sources said. He had been expected to enter an 19-member Politburo that will be formally announced Monday [1 July].

SRV: Official Set To Enter Politburo Dies; VNA Official Comments

BK2906080896 Hong Kong AFP in English 0602 GMT 29 Jun 96

[Report by Robert Templer]

[FBIS Transcribed Text] HANOI, June 29 (AFP) - Vietnam may put off changes in its top leadership until around October 1997, an official said Saturday [29 June], confirming that the current troika of leaders will stay in their jobs after the party congress.

But the line-up for the new politburo suffered a blow with the death of one of the party officials expected to enter the group when its membership is announced officially on Monday, sources said.

Nguyen Dinh Tu, a nuclear scientist who was a member of the party secretariat, died overnight of a heart attack at the age of 63, the sources said.

General Secretary Do Muoi, President Le Duc Anh and Prime Minister Vo Van Kiet are to stay in the new

Politburo, which is expected to retain 10 members and bring in nine new faces.

"We don't want to change right now. It is not the time to select the three," said Do Phuong, a Central Committee member and director-general of the Vietnam News Agency.

"We already have a list of future candidates. Now we can have more time to consider them," Phuong said.

He added that a National Assembly session that would be held around October 1997 would be "a good time to make changes in the government and the state."

"We will also have this kind of gradual change in the party," he said.

A western diplomat said the party was preparing an "apprentice leadership" to ease the transition when the current three top leaders step down.

Before the congress, party officials said they wished to bring new blood into the party leadership and Phuong said that the average age of members of the new Central Committee would fall to 55 years old from the current 65.

Vietnam's ruling party has faced difficulties finding candidates for the leadership that offered the same regional and political balance as the current trio of top officials.

Informed sources have said that the party has also faced serious disagreements over leadership changes with a widening of the gap between conservatives concerned about the social and political implications of reforms and those who wish to push ahead with deeper changes.

No decision had been taken yet on membership in the new Politburo "standing board," a small group of top officials who will wield expanded powers in the party after the congress.

The standing board is expected to have at least five members and will include the top three leaders. National Assembly Chairman Nong Duc Manh and Army Political Department head Le Kha Phieu are among the senior officials expected to join the body.

New members of the Politburo will meet to decide the make up of the board which is also expected to be officially announced on Monday.

Tu, who was set to enter the Politburo in 19th place in charge of scientific and technological issues, joined the Central Committee in 1986 and was promoted to the secretariat in 1991.

A former minister of higher education, Tu was nuclear physicist who had studied in China and at a research

institute in the Soviet Union. He was also deputy director of Hanoi university in the 1970s.

He served as director of the National Atomic Research Institute.

His death comes shortly after another senior official who had been tipped for higher office, vice foreign minister Le Mai, died aged 56.

Mai, who had been a possible candidate for foreign minister, died of a heart attack on June 12. He was one of the most highly respected officials in the foreign ministry and had lead Vietnam's normalisation of relations with the United States.

SRV: Radio Reports Party Congress Opening Session

BK2806062196 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 28 Jun 96

[FBIS Translated Text] As we announced earlier, at the Ba Dinh Conference Hall in Hanoi this morning, the Eighth National Party Congress of delegates of the Communist Party of Vietnam [CPV] officially opened.

The congress presidium consists of Party General Secretary Do Muoi; President Le Duc Anh; Prime Minister Vo Van Kiet; National Assembly Chairman Nong Duc Manh; party advisers Pham Van Dong, Vo Chi Cong, Nguyen Van Linh; many leaders of the party and state; and a number of heads of international delegations to the Eighth National Party Congress of the CPV.

Also attending the Eighth National Party Congress are over 60 guests, including veteran revolutionary cadres, representatives of the people of various strata, intellectuals, artists, and three Vietnam heroic mother title holders. Ambassadors, charge d'affaires, and representatives of international and nongovernmental organizations in Vietnam were also present at the opening ceremony.

One thousand one hundred and ninety eight delegates representing over two million party members are present at the Eighth National Party Congress of the CPV.

Before attending the congress, the delegates laid a floral wreath and visited President Ho Chi Minh in his mausoleum. At 0900 [0200 GMT] sharp, the Eighth National Party Congress began. After the introduction of the invited delegations by Comrade Hong Ha, chairman of the congress organization committee, and the opening speech by President Le Duc Anh, a delegation of the people of the capital city of Hanoi greeted the congress.

Party General Secretary Do Muoi then presented the report of the Party Seventh Central Executive Committee

on the documents to be submitted to the Eighth National Party Congress. His report was entitled: "Continuation of the Renovation Undertaking; Acceleration of Industrialization and Modernization for the Goals of a Prosperous People, a Strong Country, and an Equitable and Advanced Society; and Firm Advancement to Socialism." The report stresses: The Eighth National Party Congress is of special significance as it is a new landmark in our country's revolution. The congress will conduct a review of the implementation of the resolutions passed at the Seventh Party Congress, review the renovation undertaking over the past 10 years, and work out goals, orientations, and measures to implement the industrialization and modernization process until the years 2000 and 2020. The congress will also amend the party statute. The report on the documents submitted to the Eighth National Party Congress presented by Party General Secretary Do Muoi was divided into nine sections:

1. Evaluation of the implementation of the resolution of the Seventh Party Congress over the past five year and implementation of the renovation policies over the past 10 years.
2. The new development stage accelerating the industrialization and modernization process.
3. The development of a production force and the building of new production relations in line with socialism.
4. The development of manpower and social equity.
5. The objectives, duties, and major socioeconomic programs in the five-year plan of 1996-2000.
6. The consolidation of national defense and security.
7. The expansion of external relations.
8. The consolidation of the national unity bloc, development of the people's right to mastery, and building and refining the state of the Socialist Republic of Vietnam.
9. Party building and amendment of the party statute.

The Eighth National Party Congress is a congress for the continuation of renovation following the socialist path. Orientations and duties presented in the documents submitted to the Eighth National Party Congress are a demonstration of a further concretization and development of the renovation policy determined by the sixth and seventh party congresses. Successful implementation of these duties is the best way to create the momentum for further progress in the undertaking of national construction and protection as well as to prepare our people for a steady advance into the 21st century.

In today's 1800 [1100 GMT] newscast, the Voice of Vietnam radio correspondent will provide more details

on the solemn opening session of the Eighth National Party Congress.

SRV: Party Congress Proceedings Reported

BK2806140796 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Jun 96

[Station correspondent's report on proceedings of the Eighth National Party Congress' opening session in the morning and afternoon on 28 June in Hanoi; live or recorded]

[FBIS Translated Excerpt] [passage omitted] The Eighth Party Congress continued its work in the Ba Dinh Conference Hall this afternoon. The congress heard greetings from the head delegates of the Communist Party of China, the Lao People's Revolutionary Party, the Cambodian People's Party, the Communist Party of Cuba, and the Korea Labor Party. The congress also heard the congress delegates' reports on the 1996-2000 five-year socioeconomic development plan, the application of science and technology to meet the goals of sustainable development, the organization of training and human resources development to support industrialization and modernization, the implementation of the front-related task in the new situation, and so forth.

The congress will continue to meet in the Ba Dinh Conference Hall tomorrow.

SRV: Delegates Address Party Congress

BK3006105496 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 29 Jun 96

[Radio's summary of statements delivered by Vietnamese delegates to the Eighth National Party Congress in Hanoi on the afternoon of 28 June]

[FBIS Translated Text] The statements made by the congress delegates unanimously agreed with issues referred to in the political report of the party Central Committee that was presented by Comrade General Secretary Do Muoi. This was particularly true regarding issues relating to national industrialization and modernization. The delegates made statements airing their concerns.

Delegate Do Quoc Sam, minister of planning and investment, confirmed that we can now say our country has extricated itself from the socioeconomic crisis. We have created an important requisite for the new development stage for the acceleration of the undertaking of industrialization and modernization. The tasks and targets set forth for the five-year 1996-2000 plan are formidable and complicated. In order to carry out these tasks, the congress documents outline many programs and solutions, in which investment policy is an important issue.

According to Comrade Do Quoc Sam, the first and most important step is to create and mobilize a saving resource inside the country. For the five years of 1991-95, we increased the national reserves to about 14.5 percent of the GDP, if we continue at this rate, in the next five years, the reserves could be up to 21-22 percent. Although we have mobilized only three quarters of the reserve for investment, this has helped to expand investment in all economic sectors and the percentage of this investment has reached more than 50 percent of the total investment. This is an important factor to ensure rapid and stable development.

In the coming period, the party and the state need to introduce positive policies in order to stabilize the investment environment. Policies on reasonable bank interests, on modes of capital mobilization and use, and other similar measures should be adopted in order to mobilize more saving resources for investment. This is also a requisite to attracting and efficiently using the capital resource outside the country.

Comrade Do Quoc Sam clearly stated that it is necessary to direct and encourage these capital resources into specified targets with clear instructions on the capital management and use for practical efficiency. In conclusion, he said:

[Begin Do Quoc Sam recording] Besides large scale investment projects, the state will introduce practical policies to quickly mobilize capital from various sources into small and medium projects. The state will also generate more jobs in rural areas and cities, and create more products and services to meet the diversified demand of the national market, and increase exports. In international cooperation, it is necessary to adopt policies that give priority to projects that use high technology for the production of good quality products, with low cost, and environmental friendliness to improve the competitiveness of Vietnamese goods and services in the local market before reaching the regional and international markets.

With the investment priority policy and the satisfactory handling of key points in major domains, we can believe that the economy will develop rapidly and soundly. At the same, we can ensure the harmonious and efficient development among various regions, thus gradually and successfully carrying out the party's line on industrialization and modernization.

Of course, the practical result will depend on the organization of the implementation, the prompt introduction of appropriate policies, the leadership of the party committees at all levels, and the effective drive of local authorities to overcome bureaucratism, corruption, and especially the motivation for the wide participation of

the people to unite together to carry out the outlined targets and tasks. [end recording]

Referring to science and technology for the stable development in the period of national industrialization and modernization, Comrade Chu Tuan Nha of the Bloc of Central Education Organs mentioned the great ability in science and technology that currently exists in our country. We now have more than 800,000 people with a college-level, or higher, education; this includes more than 9,000 doctors of philosophy and doctor candidates. He affirmed that science and technology have contributed significantly to economic reform and development. He said:

[Begin Chu Tuan Nha recording] We should use science and technology as a major source for economic development. In economic activities, we must form a mechanism and an internal dynamism to rely on science and technology. At the same time, a driving force must be set up to guide science and technology to socioeconomic development. All processes of decision making, from outlining the national development strategy and arranging investment projects to production and business, must be based on scientific studies with all the available information and knowledge collected from inside and outside the country.

Today, Vietnam participates and competes in the world market against opponents who, in many aspects, such as technology and business, have more advantages than we do. If we do not have the knowledge or information, and if we do not prepare carefully and actively without wise and efficient policies, Vietnam will easily lose the economic progress we have made, and we will not have an opportunity to narrow the economic gap with others.

We must not merely confine ourselves to the text of the resolution. Instead, we should come up with policies and systems designed to promote favorable conditions for national development that are based on science and technology. For instance, we should have promotional policies to reduce taxes on scientific and technological products, and to allow research institutes and colleges to engage in production and business and in joint ventures. We must increase investment in scientific and technological projects by using funds that are obtained from the state budget, from production and business establishments, and from international cooperation. We must closely link the three groups of leadership management — science, technology, and business — to the State, as it is tasked with providing macroeconomic management, education, public health, and environmental protection, and building the infrastructure without interfering in production and business activities. [end recording]

In promoting development, we must ensure the need for steady economic development. According to Comrade Chu Tan Nha, in addition to policies that are designed to develop the source of intelligence, we should make greater investments in education, take urgent environmental protection measures, and adopt policies on national resources saving and environmental protection.

In their dissertations, all the delegates — including Ha Minh Hac of the party Central Committee's Science and Education Department, and Nguyen Khoa Diem of the party Central Committee's Ideology and Culture Department — emphasized the need to promote cultural development, raise the people's intellectual standards, and promote those for the cause of industrialization and modernization as already outlined in the party's political report. Delegate Ha Minh Hac said:

[Begin Ha Minh Hac recording] The Eighth National Congress of our party is a congress for industrialization and modernization, thus creating a historic turning point to advance our country into a completely new stage of development.

An extremely important concept of industrialization and modernization adopted by the congress is that we must regard the development of human resources as a basic factor for quick and lasting development. Industrialization and modernization must be carried out for the sake of the Vietnamese people and the nation with the force of the Vietnamese people and the nation.

Human resources involve population and human quality, covering both physical and spiritual conditions, health and intelligence, abilities and qualities. In the upcoming tenure of the Party Central Committee, the Party Central Committee's Science and Education Department must have various sectors concentrate their efforts on caring for, fostering, providing training to, and developing the strength of the Vietnamese people. They should be turned into a social workforce — a competent and skilled production force capable of meeting requirements for national development and building and defending the fatherland, achieving cooperation and competing in the open-door and multisectoral market system along the socialist direction.

The strength of the people and of the many ethnic minority groups living in Vietnam must be seen as one contingent of people. They have talents that are built on the strength of the people's intellectual standard, with the mainstay being the personality, dignity, and national identity of every person, household, community, social class, and ethnic minority group. [end recording]

Delegate Nguyen Khoa Diem said:

[Begin Nguyen Khoa Diem recording] The cause of industrialization and modernization will open up a favorable environment for building an advanced culture that is deeply imbued with national identity and will therefore contribute positively to the evolutionary process of the people and nation. This is a very important opportunity for the Vietnamese cultural sector and those doing cultural and information work nationwide. In addition, due to the multitude complexity of the struggle to ensure the socialist course and the potentially quick development of industrialization and modernization in our country, we need cultural and information activities to surge forward in various domains and we need to overcome numerous ordeals for survival and growth. [end recording]

In his dissertation, after pointing out efforts made by the Armed Forces to implement the mandate entrusted to it by the party in strengthening national defense and maintaining national security, Delegate Doan Khue of the military party organization affirmed:

[Begin Doan Khue recording] With its determination to perform its national defense and security tasks, the military party organization resolves to build itself into one that is steadfast. It will successfully lead and organize the building of a revolutionary people's army. It must be gradually standardized and modernized, and strong enough to serve as a backbone for the entire people's struggle to foil all the schemes and tricks of hostile forces.

The People's Armed Forces must constantly develop its strongpoints, resolutely overcome its shortcomings and weaknesses, and firmly maintain its tradition of being Uncle Ho's troops. It should maintain the singlemindedness between the Army and people, fulfilling all its assigned missions, overcoming all difficulties, and defeating all enemies, thus being worthy of a source of confidence and an invincible pillar of our socialist fatherland.

Upholding the spirit of independence, sovereignty, self-reliance and improvement and creatively combining the strength of the nation with that of the era, the People's Armed Forces are determined, together with the entire party and people, to ensure our nation's readiness to cope with all circumstances and to refrain from being taken off guard strategically. The Vietnamese fatherland lasts forever; socialism, the people's happiness, and our nation's future last forever! [end recording]

On behalf of the Vietnam Fatherland Front [VFF] Central Committee, comrade Le Quang Dao, chairman of the VFF presidium delivered a speech pointing out the necessity of strengthening national unity to develop the people's rights to power. He asserted

that the political report presented by the party Central Committee at this congress is the collective effort of the entire party, people, and armed forces. It is a strong manifestation of the congenial instinct of the party and the people. Chairman Le Quang Dao said:

[Begin Le Quang Dao recording] The Party Central Committee's general appraisal on the renovation undertaking carried out during the past 10 years is absolutely correct. Our nation has overcome a period of arduous ordeal, extricated itself from socioeconomic crisis, and recorded great achievements of very significant importance; whereby enabling us to move into a new stage for national industrialization and modernization. The foundation of these achievements, first of all, should be attributed to the comprehensive and correct renovation policy set and led by the party, positively participated by the people, and gallantly implemented by all to overcome numerous difficulties and ordeals to record fine achievements for today. The party Central Committee's political report set forth policies to accelerate industrialization and modernization so as to lead our country toward becoming an industrial country within the next 20-30 years with a GDP growth rate increased by 8-10 folds as compared to 1990. This is a new, great revolutionary undertaking of our nation. To triumphantly fulfill this mission, the report stressed the necessity of continuing the renovation undertaking to record ever greater achievements. It is essential to expand and strengthen the all-people solidarity bloc at home and abroad, broaden democracy, optimally mobilize the national strength for the objectives of a prosperous people, a powerful country, and an equitable and civilized society. We totally agree with the party Central Committee's appraisal. [end recording]

SRV: Radio Reports on Party Congress 30 Jun Morning Proceedings

BK3006090396 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 30 Jun 96

[FBIS Translated Text] The Eighth National Party Congress continued its sessions at the Ba Dinh conference hall in Hanoi this morning.

Comrade Nguyen Van Linh, adviser to the party Central Committee, delivered a speech. He emphasized the need to provide guidance for the implementation of various policies and resolutions of the Sixth and Seventh Party Central Committees, and of the Eighth Party Congress.

Comrade Nguyen Van Linh also said that while implementing various resolutions of the party, it is necessary to increase and step up the anticorruption struggle in order to purify the party ranks and to translate party resolutions into reality in the people's lives.

Also in the morning session, the congress heard from delegates of various sectors and localities. They took turns delivering their dissertations, which dealt with financial and monetary matters, increased industrialization and modernization in urban and rural areas, building and consolidating agricultural cooperatives, and socioeconomic development in inaccessible and remote areas.

During a break in the morning session, General Secretary Do Muoi met with various local and foreign reporters who are covering the congress and answered many questions posed by them.

Also this morning, Comrade Wen Jiabao, acting chief of the Chinese delegation to the Eighth National Congress of the Communist Party of Vietnam, held a press conference.

The congress will continue its sessions this afternoon. According to its agenda, the congress will elect the Party Central Committee, eighth tenure.

SRV: Party Congress Elects Central Committee; To Close 1 Jul

BK3006125596 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 30 Jun 96

[FBIS Translated Excerpt] Delegates to the National Party Congress elected the Party Central Committee, eighth tenure, this afternoon. [passage omitted]

The congress will continue to meet at the Ba Dinh Conference Hall tomorrow and will hold its closing session in the afternoon.

The Voice of Vietnam [VOV] will carry live coverage of the closing session of the Eighth National Party Congress. We would like to invite our compatriots and combatants countrywide, as well as overseas Vietnamese to tune in to this coverage.

SRV: Radio Reports on 1 Jul Congress Session; To Cover Closing

BK0107054796 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 1 Jul 96

[FBIS Translated Text] The Eighth National Party Congress continued in session at the Ba Dinh Conference Hall this morning.

The congress heard speeches by the following delegates:

—Delegate Tong Thi Khanh of Son La Province, discussing the shifting of the local economic mechanism;

—Delegate Phung Van Tuu of the bloc of central-level agencies, discussing the renovation of the state administration;

—Delegate Vu Khoan of the Foreign Ministry, recalling foreign relations activities since the Seventh Party Congress and discussing foreign relations activities to be carried out in the years to come;

—Delegate Quach Duy Thanh of the party Central Committee's Internal Security Department, discussing the need to increase party leadership over anticorruption activities;

—Delegate Chu The Quynh of the party Central Committee's Ideology Department, discussing cultural and art activities; and

—Delegate Do Quang Trung of Quang Ninh Province, discussing the need to develop Vietnam's tourism industry in the new stage.

Also at the morning session, the congress secretariat said that it had received 33 letters and messages of greetings from various local organizations and individuals and from overseas Vietnamese nationals and 47 messages of greetings from various international organizations since the Eighth National Congress of the Communist Party of Vietnam opened.

The congress will hold its closing session this afternoon.

At 1345 [0645 GMT], Radio Voice of Vietnam will begin carrying live coverage of the closing session of the Eighth Party Congress on Network 1. You, friends, are invited to tune in.

SRV: Eighth National Party Congress Issues Resolution

BK0107101396 Hanoi Voice of Vietnam Network in Vietnamese 0830 GMT 1 Jul 96

[Resolution of the Eighth National Party Congress of the Communist Party of Vietnam, approved by the Eighth National Party Congress in Hanoi on 1 Jul]

[FBIS Translated Text] The Eighth National Party Congress of the Communist party of Vietnam [CPV], which was conducted from 28 June to 1 July 1996 in Hanoi, approves the resolution, as follows:

1. Approve the party political report submitted to the congress by the Seventh Party Central Executive Committee. The Eighth Party Central Executive Committee is responsible for perfecting the report on the basis of the conclusive discussions held by the congress, and to officially publish it.

2. Approve the report on directions and duties of socio-economic development for the 5-year period of 1996-

2000. The Eighth Party Central Executive Committee is responsible for perfecting the report on the basis of conclusive discussions held by the congress, and to officially publish it.

3. Approve the full text of the amended party statute.

4. The Eighth Party Central Executive Committee and party committees of all levels are responsible for working out concrete action plans to implement the policies described in the documents approved by the congress.

The Eighth National Party Congress of the CPV calls on all the party, people, and army to unite in overcoming all difficulties, successfully implementing the resolution of the Eighth National Party Congress, lifting the renovation undertaking to new heights, and accelerating the industrialization and modernization process to ensure we have prosperous people, a strong country, an equitable and advanced society, and steadfast advancement on the path toward socialism. [signed] The Eighth National Party Congress of the CPV.

SRV: Congress Approves Organizational Changes

LD0107114096 Melbourne Radio Australia in English 1000 GMT 1 Jul 96

[FBIS Transcribed Text] Vietnam's ruling Communist Party has approved organizational changes that will concentrate power in the hands of a few top leaders. The decision came during the closing session of the party's eighth national congress in Hanoi. However, as Peter Meyers reports, there was some last minute opposition.

[Begin Meyers recording] In an unprecedented public show of dissent from the party line one congress delegate rose to speak against the changes. The former vice party chief of Ho Chi Minh City, Mr. Chan Chong Tan [as received] said plans to give extensive powers to a five-member standing board within the party Politburo were not in conformity with the tradition of democratic centralism. However, he was voted down by a show of hands.

The five members of the new standing board will be party General Secretary Do Muoi, the national president, Mr Le Duc Anh, the prime minister, Mr Vo Van Kiet, Deputy Defence Minister Mr Le Kha Phieu and the deputy interior minister, Mr Nguyen Tan Dung.

Peter Meyers, Hanoi. [end recording]

SRV: Do Muoi Talks With Reporters on Sidelines of Party Congress

BK0107042896 Bangkok ASIA TIMES in English
1 Jul 96 pp 1, 2

[Report by Andy Solomon from Hanoi]

[FBIS Transcribed Text] Vietnam's Communist Party chief on Sunday [30 June] pledged support for faster economic development and increased foreign investment, but warned it must be coupled with efficiency and continued political stability.

General Secretary Do Muoi also promised an intensified war against corruption, including the use of the death penalty.

"I always want (economic development) to accelerate ... economic development is the only way to raise the living standards of the people," he said during a break in the landmark Eighth National Communist Party Congress.

But he cautioned: "If development is too fast we may make mistakes. If you run too fast you hit something on the road and fall down."

Muoi, a sprightly-looking 79-year-old who has held his post since 1991, confirmed he had been selected to serve a second term. "It is what the people required and the party required. I am almost 80 and I asked them to let me rest and they didn't let me," he said.

Muoi denied his reselection was due to divisions within the party hierarchy on who could replace him. "We have never had any divisions. Since our August revolution in 1945 our main motto is 'unity, unity, unity' and we have had great successes," he said.

Muoi added that he did not know how long he would remain in the job. "Until people let me rest. As long as I can do the job, the people will make me do it. And if I don't do the job the people require, they will criticize me."

Do Phuong, the head of the official Vietnam News Agency, said on Saturday the top three leaders—Muoi plus President Le Duc Anh, 75, and Prime Minister Vo Van Kiet, 73—would keep their posts, but were unlikely to serve full five-year terms. The most likely scenario was for them to be replaced at a mid-term Congress expected in late 1998 or early 1999.

Muoi is considered by many as a link between those in the party pushing for faster and more comprehensive reforms and an old guard that wants a slowdown.

He supports the establishment of party cells in all foreign-invested enterprises, a move sure to provoke concern among investors who already have to contend with increasingly militant labor unions.

"I think the party cells and the trade union will be beneficial, even to foreign investors," Muoi said, adding that the party cells would have responsibility for leadership of the trade union.

"Don't be scared of the party cells in foreign-invested companies," he said.

Aside from leadership issues, much recent debate in the party has centered on the role of the state sector against the private sector, and whether party members' families should be allowed to engage in private business.

A target for the state and collective sectors to account for 60 percent of gross domestic product, up from the current level of 40 percent to 45 percent, by 2020 has been dropped from the final version of the Political Report. Meanwhile, increased prominence has been given to the so-called "state capitalistic" sector—joint ventures between state companies and private foreign or domestic entities.

Vietnam's 2.128 million party members are banned from private enterprise, but Muoi seemed to suggest their families could be allowed to follow private entrepreneurial activities.

"If you can't earn your living, what can you live on? I think some (party members) will do their business. It's a matter of your stomach," he said.

Muoi said corruption was one of the threats to political stability and stricter measures would be taken against offenders. "(Offenders) will be severely punished, even executed if the corruption does harm to the interests of the people or the country and no matter what position that person is holding," he added.

The Party's central committee agreed before the congress, which began on Friday, to bring nine first-time members into a slightly expanded 19-member Politburo, which for the first time includes a woman Nguyen Thi Xuan My, the head of the Party Control Commission. But the party was rocked by the sudden death of 64-year-old nominee Nguyen Dinh Tu.

Tu, who was chairman of the Atomic Energy Commission and a member of the powerful party secretariat, died on Friday of a heart attack after being nominated to the Politburo only two days earlier.

On Sunday, the Congress was expected to formerly approve the new 168-member central committee and the Politburo.

The Congress was also expected to formally appoint the members of the Standing Board, a body established to replace the party secretariat and to streamline day-to-day management.

The secretariat's 11 members included eight from the Politburo and three from the central committee. Membership of the new board will be limited to the Politburo.

The Congress will end on Monday afternoon.

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